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ABSTRACT

This document contains six major papers and a panel discussion presented at a conference on entrepreneurship and the global marketplace, as well as abstracts of reports presented at the concurrent workshops of the conference and a report on the educational film festival held there. The papers and panel are as follows: "Increased International Instruction: A Must for Hire Education" (Simon Fireman); "The Economic Realities of International Trade" (Tom Gray); "Teaching Them How and Where to Get Money" (Arthur Lipper, III); "How to Connect with Foreign Markets" (Abby Shapiro, Paul Horn, Andrew Bendheim, and Jack Wolf, panelists); "A Commitment to Value" (Michael E. McGreevy); and "Entrepreneurship: A Framework for the Futue" (Margaret Gayle). A handout entitled "Seventy-One Trends that May Affect Entrepreneur Education for Future World Markets" (Marvin Cetron) is appended, and a list of conference participants is included in the document. (KC)

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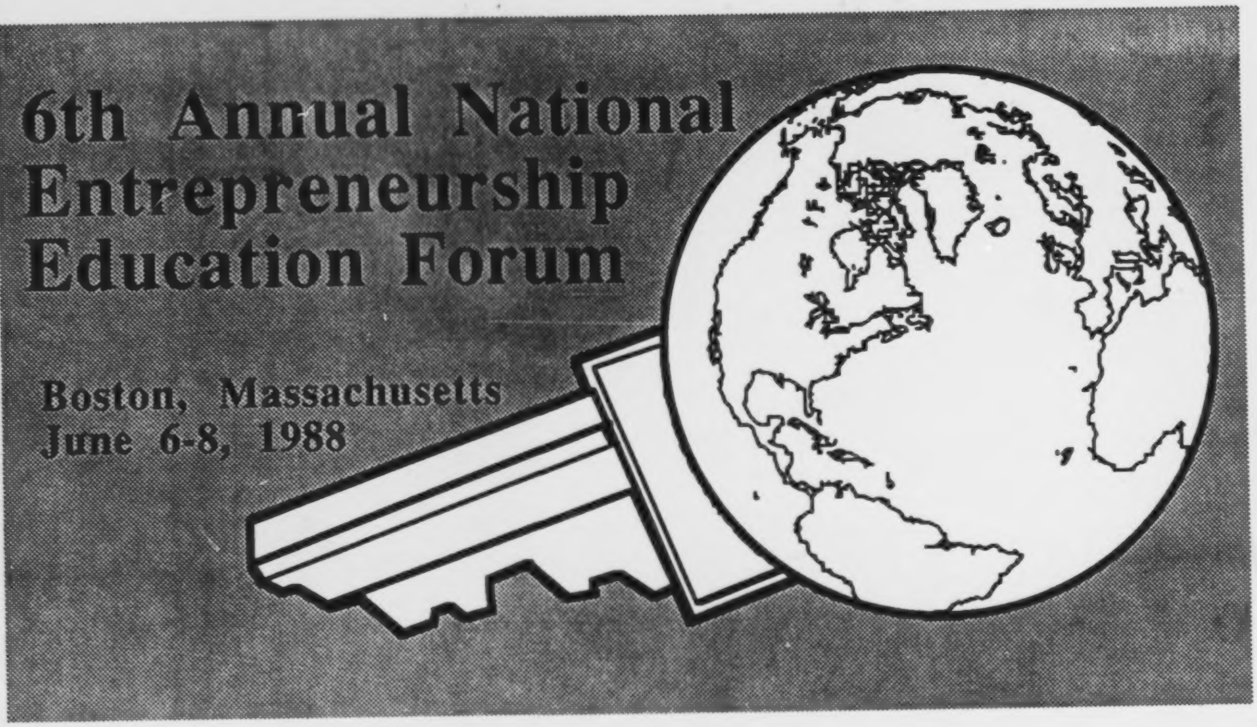
"PREPARING FOR WORLD MARKETS"



6th Annual National Entrepreneurship Education Forum

Boston, Massachusetts
June 6-8, 1988

Conference Proceedings

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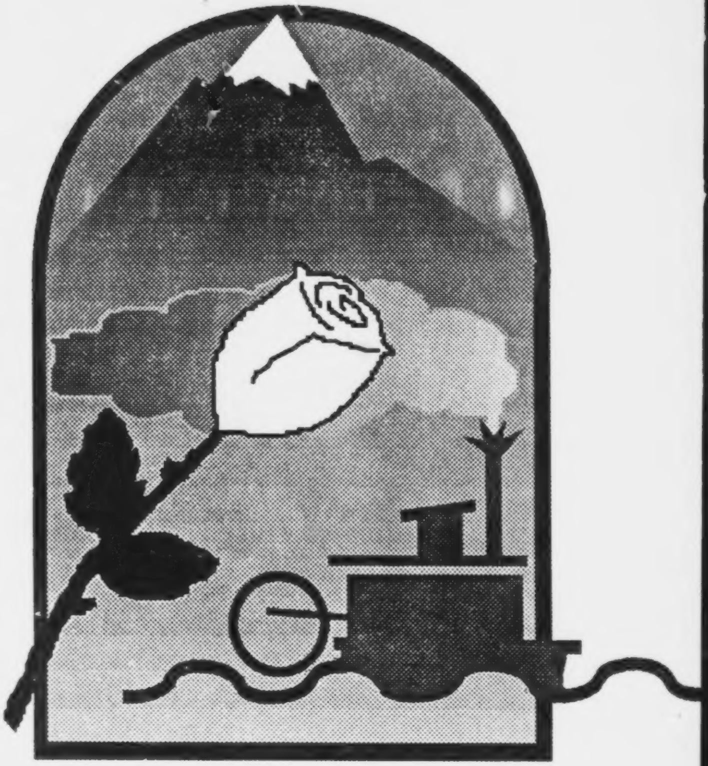

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To be considered as a conference workshop presenter, ***submit your proposal in the prescribed format, postmarked no later than February 17, 1989, and send to***:

Dr. M. Catherine Ashmore
Entrepreneurship Program Director
Center on Education and Training
for Employment
The Ohio State University
1960 Kenny Road
Columbus, Ohio 43210
(614) 486-3655

PREPARING FOR WORLD MARKETS

Proceedings
National Entrepreneurship Education
FORUM
June 6-8, 1988
Boston, Massachusetts

Edited by
Cathy Ashmore
John Bebris

The Center on Training and Education for Employment
The Ohio State University
1960 Kenny Road
Columbus, Ohio 43210-1090

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THE 6TH ANNUAL NATIONAL ENTREPRENEURSHIP EDUCATION FORUM

"PREPARING FOR WORLD MARKETS"

June 6-8, 1988
Boston, Massachusetts

Monday, June 6, 1988

10:00 a.m. - 1:00 p.m. Registration

1:00 p.m. **General Session**

Convention Hall A

Welcome

Cathy Ashmore
Entrepreneurship Program Director
The National Center for Research in Vocational Education

Keynote Address:
Simon Fireman
Director
Export Import Bank of the United States
Washington, D.C.

Exporting and Small Business
Tom Gray
Chief Economist
U.S. Small Business Administration
Washington, D.C.

Teaching Them How & Where to Get Money
Arthur Lipper III
Chairman
Venture Magazine
New York, New York

2:30 p.m. Break

2:45 - 3:30 p.m. Concurrent Session #1

Convention Hall A

Training for World Class Competition: The Role of Local Development Organization/Community College Partnerships in Entrepreneurship Education
Donald Menzie
New York City Regional Education Center for Economic Development
Panelists:
Georgianna Appignani
Fashion Institute of Technology
Adam Friedman
Garment Industry Development Corporation
New York, New York

Convention Hall B

Entrepreneurship/Self-Employment for Low-Income Persons
Jim Nelson
and
Roy Dilliard
Community and Economic Development Association of Cook County, Inc.
Chicago, Illinois

Convention Hall C

Small Business in Export Markets
K. Mark Weaver
University of Alabama
George Solomon
U.S. Small Business Administration
Washington, D.C.

3:30 - 4:15 p.m. Concurrent Session #2

Convention Hall A

Training Future Entrepreneurs: The Entrepreneurship and Black Youth Program
Le-Quita Booth
Small Business Development Center
Athens, Georgia

Convention Hall B

The Part Community Based Organizations Play in the World Market
Patricia Burke
Nia Comprehensive Center
Chicago, Illinois

Convention Hall C

Using Electronic Computer Software to Develop a Small Business Plan
David Mathes
Finger Lakes Regional Education
Center for Economic Development
Mount Morris, New York
Nelson Ronsvalle
New York Bureau of Economic Development
Coordination
Albany, New York
Representative from Kodak Company
Rochester, New York

4:15 - 5:00 p.m. Concurrent Session #3

Convention Hall A

Community Responses to Entrepreneurship and Youth
Dawn Walker
and
Matz Finchenstein
YM/YWCA
Ottawa, Ontario Canada

Convention Hall B

Linkage: Providing Teacher Training and Information on Entrepreneurship Education to Vocational Educators
Wally S. Holmes
Center of Excellence for Career Development
in Entrepreneurship Education
University of West Florida
Pensacola, Florida

Convention Hall C

International Education - For Human Resource and Economic Development
John J. Light
Hocking Technical College
Nelsonville, Ohio

5:30 - 7:30 p.m. **Reception**

Convention Hall B

Sponsored by:
The National Entrepreneurship Education Consortium
and
The U.S. Association for Small Business and Entrepreneurship

Tuesday, June 7, 1988

7:30 a.m. **Coffee and Rolls**

Convention Hall A

8:00 a.m.-8:45 a.m. Concurrent Session #4

Convention Hall A

International Business Education: Partnerships in Chicago
David Sam
Harold Washington College
Chicago, Illinois

Convention Hall B

Survival Techniques for Rural Communities
Frederick H. Rice
Small Business Development Center
Kansas State University
Manhattan, Kansas

Convention Hall C

Promoting Self Employment as Solutions to Local and Global Economic Problems
Shirley Willett
Shirley Willett, Inc.
Quincy, Massachusetts
Students
Deborah Straughter
Elizabeth Ruiz
Raquel de Fay

8:45 a.m.-9:30 a.m. Concurrent Session #5

Convention Hall A

Exploring Entrepreneurship with High School Teachers
Linda VanBallenberghe
Alaska Office of Adult and Vocational Education, Department of Education
Juneau, Alaska

Convention Hall B

Turning Talent into Dollars in Massachusetts
Gretchen May
Franklin County Cooperative Extension
Connie Bettis
Hampden County Cooperative Extension
Mary Kelly
Berkshire County Cooperative Extension

Cooperative Extension, University of Massachusetts
West Springfield, Massachusetts

Convention Hall C

The Role of SBA in Entrepreneurial Education and Training
George Solomon
Director, Office of Business Education and Resource Management, U.S. Small Business Administration
Washington, D.C.
Ralph George
Assistant District Director
Small Business Administration
Boston, Massachusetts
Rick Mayronne
Senior Business Development Specialist
U.S. Small Business Administration
Washington, D.C.

9:30 - 10:15 a.m. Concurrent Session #6

Convention Hall A

An Approach to Rectifying the Trade Deficit: The Anatomy of an International Trade Center
William Musella
FAU/FIU International Trade Center
Boca Raton, Florida

Convention Hall B

Second Chance Entrepreneurial Training for Displaced Homemakers
Margaret Watts
and
Jerrilee Mosier
Butler County Community College
El Dorado, Kansas

Convention Hall C

Community College Approach to Supporting Economic Development
Evelyn Fine
Mid-Florida Research and Business Center, Inc.
Daytona Beach, Florida

10:15 a.m. Break

10:30 -11:15 a.m. Concurrent Session #7

Convention Hall A

Exploring Entrepreneurship with High School Students
Gerri Miracle
Beechwood High School
Ft. Mitchell, Kentucky

Convention Hall B

Innovative Techniques for Teaching Entrepreneurship
Wally S. Holmes
and
Suzanne Moulder
University of West Florida
Pensacola, Florida

Convention Hall C

Entrepreneurship Training for Dislocated Workers
Michael Moon
Louisiana State Council on Vocational Education
Baton Rouge, Louisiana
Tom F. Griffin III
and
Phillip H. Massey, Jr.
Southeastern Louisiana University
Hammond, Louisiana

11:15 -12:00 noon Concurrent Session #8

Convention Hall A

Work for Yourself: A Creative Option for 11 to 16 Year Olds

Ann Marie Elacqua
Colorado Alliance of Business
Denver, Colorado

Convention Hall B

Planning for Entrepreneurship Courses

Pius O. Ighora
Commonwealth Association of Polytechnics
Nairobi, Kenya

Convention Hall C

Entrepreneurial Development for Public Assistance Recipients: A Case Study

David Szczerbacki
College of Business Administration, Alfred University
Alfred, New York

12:00 noon- 1:30 p.m. **Brown Bag Film Festival**

Convention Hall B - Lunch tickets can be purchased on Monday for $7.00, or participants can come and go as they choose.

This is a time to review available videos to teach entrepreneurship for those who choose to join us.

1:30 - 2:45 p.m. **General Session**

Convention Hall A

How to Connect with Foreign Markets
A Panel Discussion

Abby Shapiro, Moderator
International Coordinating Council
Boston, Massachusetts
Panelists:
Paul Horn
Economic Development Industrial Corporation
Boston, Massachusetts
Andrew Bendheim
Massachusetts Port Authority
Boston, Massachusetts
Jack Wolf
University of Massachusetts at Amherst
Boston, Massachusetts

2:45 p.m. Break

3:00 - 3:45 p.m. Concurrent Session #9

Convention Hall A

Effective Elements of a Statewide
Entrepreneurship Education Strategy

Note: This session is continuous through 4:30 p.m.

Nelson Ronsvalle,
John Borel,
Victor Perun
and
Peter Cooke
New York Bureau of Economic Development Coordination
Ernie Whelden
Occupational Education Program Development
New York Department of Education
Albany, New York

Convention Hall B

When the "Businessman" is a Woman!
Entrepreneurial Education Responsive to Women's Needs
Peggy Wireman
  University of Wisconsin - Small Business Development Center
Gene Boyer
  Wisconsin Business Women's Coalition
  Madison, Wisconsin

Convention Hall C

Small Business Management: A Future Prospective

Note: This session is continuous through 4:30 p.m.

Gene Warner (Chairperson for Panel)
  Oklahoma State Department of Education
  Stillwater, Oklahoma
Panelists:
  Phyllis Baker
    Washington Career Center
    Marietta, Ohio
  Jim O'Donnel
    Tillamook Bay CCSD
    Tillamook, Oregon
  Charles Cone
    Mankato Technical Institute
    N. Mankato, Minnesota
  Don Scheirman
    Francis Tuttle Vocational Center
    Oklahoma City, Oklahoma
  Terry Stallman
    North Dakota International Small Business Center
    Bismark, North Dakota
  Neal Cassell
    Santa Fe Community College
    Santa Fe, New Mexico

3:45 - 4:30 p.m. Concurrent Session #10

Convention Hall A - continued from 3:00 p.m. Session #9

Convention Hall B

International Trade Data System
J. Kenneth Lipner
Florida International University
Miami, Florida

Convention Hall C - continued from 3:00 p.m. Session #9

6:00 - 7:00 p.m. **Cash Bar**

Ballroom 1

7:00 p.m. **Banquet**

Ballroom 1

Introduction

Kathy Walters
Pacific Bell Directory

A Commitment to Value

Featured Speaker: Michael E. McGreevy
Treasurer and Chief Financial Officer
Pacific Bell Directory
San Francisco, California

Wednesday, June 8, 1988

7:30 a.m. **Coffee and Danish**

Convention Hall A

8:00 - 8:45 a.m. Concurrent Session #11

Convention Hall A

Entrepreneurship Education in Kentucky
Lou Perry
State Department of Education
Frankfort, Kentucky

Convention Hall B

Western High Endorses Entrepreneurship Program--Goes for a Second Year
William H. Hamilton
Purdue University
West Lafayette, Indiana

Convention Hall C

Dare to Dream - An Introduction to Entrepreneurship Curriculum Development and Infusion
Madrea J. Proctor
University of West Florida
Pensacola, Florida

8:45 - 9:30 a.m. Concurrent Session #12

Convention Hall A

Small Business Families: Challenges & Choices
Linda Flies Moffatt
Dakota County Technical Institute
Burnsville, Minnesota

Convention Hall B

Ventures in Business Ownership: A Pilot Program for Single Parents and Homemakers
Cathy Ashmore
The National Center for Research in Vocational Education
Columbus, Ohio

Convention Hall C

Captivating the Grey to Capture the Green
Millicent Lownes
Small Business Development Center
Tennessee State University
Nashville, Tennessee

9:30 -10:15 a.m. Concurrent Session #13

Convention Hall A

Youth Business Initiative--British Model Replicated
Charles Tarver
Youth Business Initiative--JFY, Boston, Inc.
Boston, Massachusetts

Convention Hall B

The Myths of Entrepreneurship and Small Business: Funding and Training
Jerry Wolfgang
Western New York Regional Education Center for Economic Development
W. Gary McGuire
and
Eugene C. Zinni
Niagara County Community College
Lockport, New York

Convention Hall C

Needed: A State and National Policy for Entrepreneurship Education
E. Edward Harris
  Northern Illinois University
  DeKalb, Illinois

10:15 a.m. Break

10:30 -11:15 a.m. Concurrent Session #14

Convention Hall A

Can I and Should I Be An Entrepreneur
George E. Nomikos
  Saint Paul's College
  Lawrenceville, Virginia

Convention Hall B

Updating Entrepreneurial Education Linkages in Florida
John R. Kerr
  Small Business Development Center
  Florida State University
  Tallahassee, Florida
Gil Nelson
  Leon County Schools
  Tallahassee, Florida

Convention Hall C

Cross-Cultural Management Model
Salah Hassan
  Skidmore College
  Saratoga Springs, New York

11:15 -12:00 noon Concurrent Session #15

Convention Hall A

Creating Jobs in West Virginia
Gene Coulson
West Virginia Department of Education
Charleston, West Virginia

Convention Hall B

Rural Entrepreneurship: New Application of the American Dream
Randee Brady
and
Richard Foster
Central Missouri State University
Warrensburg, Missouri

Convention Hall C

Hatching A Business: Incubators and State Office Partnerships
David Hague
State Department of Vocational, Technical, and Adult Education
Madison, Wisconsin

12:00 noon **Luncheon**

Ballroom 1

"Seventy-one Trends that May Affect Entrepreneurial Education for Future World Markets"

Featured Speaker: Marvin Cetron
Forecasting International, Ltd.
Arlington, Virginia

Prize Drawing - Cathy Ashmore

2:00 p.m. **Adjourn**

KEYNOTE ADDRESS

"Increased International Instruction: A Must for Hire Education"

Simon Fireman
Director
Export Import Bank of the United States

Washington, D.C.

Good afternoon, ladies and gentlemen. I stand before you experiencing a mixture of emotions: elation, discovery and regret. Elation because I enjoy every opportunity to sell the concept of exporting. Discovery because after 40 years of operating in the private sector, I found out through your literature that what I was doing was entrepreneurship. And regret, because I didn't realize until I received the invitation to address this group, that there was an instructional discipline known as entrepreneurship education. I always thought it was seat-of-the-pants, determination and luck.

During my four decades as a businessman, I always looked for the main chance--the new path for expansion. Often I grasped at straws, and found that I had really grasped opportunity.

Little did I realize, 23 years ago, when I led my company, Aqua Leisure Industries, into overseas ventures into Europe, Asia and South America, that I was the forerunner of the multi-national corporation; and I certainly was not aware that I was engaged in an act of patriotism, bringing millions of dollars into this country to help insure a balance of trade. I had no altruistic motivation. All I really wanted to do was to have economic security for myself and my family.

Fortunately I achieved my financial goals by being aggressive. I use that term frequently to describe my headlong, "damn-the-torpedoes" forays into new arenas. How much more soothing it would have been for my morale had I only known that I was really just being entrepreneurial.

Now, as an official of the Export-Import Bank of the United States, charged by President Reagan to develop programs to stimulate exporting by small and medium-sized businesses, I find that I am your colleague. I, too, am engaged in entrepreneurship education.

I am a teacher. I am also a learner. And what I have learned is that there is a vast gulf of ignorance in the United States about the world in which we live.

Half a century ago Wendell Wilkie based a presidential campaign on his theme of "one world."

A quarter century ago Buckminster Fuller articulated the concept "Spaceship Earth," relating the unity of our populace versus other planets in the galaxy.

A decade ago some enterprising journalist or speech writer coined the term "global village." Like Nostradamus, as far as economics and business are concerned, they were all correct in their predictions.

We do have a "one-world economy." We do inhabit "Spaceship Earth" with national destinies totally inter-dependent and inter-twined. We are all residents of the "global village." Yet, millions and millions of Americans still believe there is nothing valuable beyond our national borders. Unfortunately, this same illness, which I choose to call derisively, "home sickness," afflicts all too many hundreds of thousands of businessmen.

They suffer from myopia in their marketing programs. They see a domestic market of 230 million people stretching from more than 3000 miles coast to coast, and they say unwittingly to themselves, "that's big enough." If they do not overcome the disease of the mind, which I diagnose with the twin debilitating symptoms of isolation and insulation, they will assuredly face stagnation and disaster.

Isolation because a vast majority of U.S. business leaders still think that distance is a factor on the world scene. This concept can immediately be demonstrated false because the technology is present that could translate these words, as I utter them, instantaneously to the most remote corners of the world. And business transactions can take place with the same speed of light.

Insulation because business operators still labor under the delusion that "Made in America" stamped on a product automatically confers the standard of excellence by which merchandise is judged and purchased.

The success of foreign-manufactured goods available here in the United States should have long ago dispelled that notion. And our multi-billion dollar trade deficit should long ago have disabused our business community of that false premise. Fortunately, there are two antibiotics, applied in tandem, that can provide a cure for isolation and insulation. The first is international education, and the second is exporting.

You, in this audience, can play a key role in perfecting and applying the first antibiotic of international education. And simultaneously, you'll be establishing a climate for the second essential antibiotic, a geometrical increase in exports.

Just recently I wrote to one of the presidential candidates about this subject. Let me quote one paragraph from that letter as I endeavored to lobby for a substantial increase in funds allocated for global awareness at all educational levels.

I said in that communication: "Our 1986 annual report at Ex Im Bank showed that we have been involved in helping to finance export transactions in 144 sovereign nations. It would be a safe wager that the average student in business college at the senior or graduate level has never even heard of the names, or read about half of them--let alone to have some awareness about where in the world they are located--or comprehension about their cultures, economic systems or their national development requirements."

The main body of my communication advocated a massive infusion of funds to support international education at all levels. From increased foreign language instruction and more internationalized social studies in the elementary grades, to more specific international business courses in all institutions of higher learning.

I am certain that few courses in our business schools are directed toward such essentials of international commerce as licensing, certification, letters of credit, documentation, the role of the trading companies, customs brokerage, what forfeiting is all about and what does the currency exchange really mean and where do we go with it.

As I use those terms I am reminded of the story of the program chairman for the committee that had invited a famous nuclear scientist to be the keynote speaker, when they met at the airport, the scientist inquired, "Can you tell me a little bit about the members of the audience? I like to keep my remarks at the level of their comprehension. For example, do they know what a molecule is?" The program chairman, eager to assert his own level of sophistication, replied, "Well, Professor, of course I do, but perhaps you had better explain for those who have never been up in one."

I paint the dismal picture of international ignorance on the part of Americans in general, and American business leaders, in particular. But there are some indications that there is a creeping forward in awareness of my thesis that international education is a categorical imperative if we are to maintain preeminence in the modern world.

Let me offer you a few examples of that growing awareness. In a recent issue of a department of commerce publication called Business America, the governor of Virginia stated, "The global economy is here to stay, there is no turning away from the world. There is only facing reality, and making the most of it. We must push forward, ready to compete, ready to invest money, ready to invest time. States have the principal responsibility for our public schools, to teach our students the skills necessary to succeed in the international economy. That means teaching foreign languages so that our business leaders can speak and sell in the language of the customer. That means teaching history and geography so that we understand the cultures of other nations, and comprehend the economic aspirations of other people."

In that same issue of Business America, Indiana governor Robert Orr wrote about his state's ambassadors in education exchange programs for Indiana teachers. And the Partners In Export program, which encourages the state's universities to share with Indiana business firms their global knowledge of foreign business practices, foreign cultures and economic systems, science and technology.

This is a promising beginning. But it is only a beginning. And you and I must be in the forefront of a crusade to educate the U.S. Congress about the categorical imperative of international education, and the need for a vast infusion of funds for that purpose.

The sum of $5 million, a truly piddling amount, was authorized in 1987 under Title 6, Section B, of the Higher Education Act, to support pioneering export educational projects. But less than half of the sum was actually allocated.

Even within that infinitesimal granting authority, the business and international education program of the U.S. Department of Education has been able to fund innovative programs that will most assuredly enhance the international education climate.

I would like to take a few minutes to acquaint you with some of the projects that have been funded. As entrepreneurial educators, you may be familiar with this program. For those not aware, let me inform you that it is designed to establish cooperative ventures between U.S. institutions of higher learning and U.S. businesses engaged in, or desiring to engage in, exporting.

It is stipulated that the college or university, and community or two-year colleges are eligible, negotiate an agreement for implementation and partnership with business or trade associations which are involved in international economic activities.

Bergen Community College in New Jersey, under this provision of the award program, has established a database of international trade and commerce with reference manuals and dictionaries published in Spanish.

The University of Utah is establishing a Pacific-rim databank, which is scheduled this month to bring on-line for access by modem, information about U.S. relations with Australia, China, Japan, Korea and New Zealand. The bank will have data bases relating specifically to the essentials of the global awareness that I have mentioned earlier--economic, political, social, cultural and demographic situations in each country. The university believes that the databank will prove to be a valuable resource for companies seeking information for application to international trade, marketing and finance.

The University of California at Berkeley has initiated a project to enhance the import of the institution's roundtable on the international economy. The two-year effort will be focused principally on the development of the competitive awareness presentation for training business leaders about the way the international system is being reshaped, and what the consequences are for U.S. firms.

Montana State was granted $43 thousand for an expanded business education program within its Forth-ninth Parallel Institute. The institute serves a multi-state region encompassing Washington, Oregon, Idaho, Wyoming, Minnesota, Wisconsin, and North and South Dakota. The emphasis is on trade with Canada, which is our largest trading partner. The curriculum will relate to such essentials as custom regulations, marketing practices, multi-national corporations, commodity markets and the dynamics of world trading covering global trade guidelines, cartels and the role of government in trade management and promotion.

At Loop Community College in Chicago, they have a program to create an international small business assistance service. It will have as its objective the identification of businesses that have export potential and the provision of export procedural information to those firms.

The College of Staten Island, with its grant, intends to develop a Bachelor of Science degree in international business.

I have given you an abbreviated list, but you can see from the sample I have provided, first, you don't have to be the Harvard Business School to develop international education; secondly, the investment of the $5 million dollars that was authorized would have more than likely doubled the number of projects that have promise and viability in this essential discipline.

I am persuaded that the amount authorized by the Congress should be at least $10 million. The projects which would be initiated Could have positive and exciting implications for the enhancement of our national accommodation to the economic realities of life on "Spaceship Earth" in the 21st century.

I can visualize that the grant money could be awarded to create a number of regional resource centers in international business at an average cost of $100 thousand for a two or three year period. I am convinced that the results generated from this investment of seed money would insure support from the private sector for sustained operations.

I would also like to see enabling legislation and funds available to the Department of Education for awards to associations and organizations that have natural bases. They should carry out projects that have national impact, beyond the scope of any single institution. Ladies and gentlemen, international education is the ultimate step forward in entrepreneurship education.

I hope that I can enlist you as allies, as champions of that cause, and as active lobbyists, individually, as a National Entrepreneurship Education Consortium, and as The National Academy for Vocational Education. You and I must be articulate, in fact, we must be vociferous in convincing the Congress to invest in our global future by appropriating funds adequate to address this formidable challenge. You will recall that at the outset of my remarks I mentioned that I am not a career-government official. In my 40 years in the private sector, I had developed a suspicion about the ability of government to carry out programs with any degree of efficiency. But, sometimes those suspicions are unfounded and prejudiced.

I was reminded of that yesterday as I stood in the line at the post office behind an elderly gentleman, who was trying to mail a package. The postal clerk refused to accept it, saying that package is too heavy. "You'll have to put more stamps on it." The elderly gentleman responded, "If I put more stamps on it, that's going to make it lighter?"

You may accuse me of rationalization, but now that I have been a full-time government employee for two years, my own suspicions about bureaucratic inefficiency have been, not totally, but somewhat, allayed. I talk now from the perspective of my own experience and my own associations. As one of the five directors of the Export-Import Bank, I have to make judgements on questions relating to the support of exports, which in the aggregate, totalled in 1987 almost $9.5 billion. Additionally, with impetus from President Reagan, who appointed me specifically to lead the charge for stimulating small business exports, I founded and served as chairman of the Interagency Task Force on Trade.

It is in this capacity that I became involved in entrepreneurial education. And it is in this capacity that I discovered that government agencies can and do work productively and efficiently.

Just one year ago, our interagency task force commenced our activities with a core-membership three agencies. All three charter members, the Department of Commerce, the Small Business

Administration and Ex-Im Bank had concerns, responsibilities and expertise at exporting. And all of us had experienced failure in not motivating small business to venture into overseas markets.

I'm extremely pleased and proud to report to you that during the past 12 months the membership of our task force has grown to 16 federal agencies, plus the full support of the White House. And we have reversed the tradition of failure that had previously been the norm regarding small business participation in the export field.

We launched our endeavors with a blueprint to which we gave the name Project GREAT, an acronym standing for Grass Roots Education About Trade. That education program has had several major facets. We produced the most comprehensive directory of federal export assistance programs ever published. It was called The Exporter's Guide to Federal Resources for Small Business. We alerted trade associations, chambers of commerce, state and municipal export councils, and the print and broadcast media about its existence. It has become a runaway best-seller, available through the government printing office as an official document of the U.S. government. Almost since the first day of publication the demand has exceeded the supply.

Our Project GREAT has also been responsible for the production of a video tape called Exporting to China.

I spoke earlier about a domestic market of 230 million people. Ladies and gentlemen, just imagine the profit potential that is present for U.S. entrepreneurs in the People's Republic of China, which has a population in excess of 1,275,000,000 people, and whose government officials are now dedicated to waking the sleeping giant with modernization programs for its national infrastructure and transportation, telecommunications, health-care delivery and industrial production. All of these require dollar expenditures well into hundreds of billions.

Our inter-agency task force has also launched an intensive orientation program for commercial attaches in all of our embassies throughout the world. This is a particularly dramatic example of entrepreneurship education, because we have enlisted them as bird dogs, requesting them to sniff out opportunities for U.S. penetration into the markets of the countries where they are stationed.

Our efforts have indeed borne fruit. Exports are up. The staggering trade deficit is going down.

As I close, let me enunciate again, the proposition I bring to you. We all must intensify our crusade for more investment in international education. Almost every week I carry that banner as I visit with congressmen in the capitol; carrying in one hand our task-force exporter's guide and carrying in the other hand a wish list of programs that I believe should and must be funded if we are to regain and then retain our supremacy of world economic leadership.

Ladies and gentlemen, the focus of this meeting is graphic testimony that you and I are kindred spirits. I welcome you aboard a bandwagon whose theme song in this economic war is inspired by the words of a patriotic theme of another war, "over there, over there, the Yanks are coming over there." Thank you.

"The Economic Realities of International Trade"

Tom Gray
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Washington, D. C.

I want to depart somewhat from what our first speaker, Mr. Fireman, said. He appears to take as a given that exporting is a good thing. I want to be a typical ornery economist and say that may not be true. In fact, I want to ask the basic question, should the U.S. increase exports? If we stop and think for a minute, why are we thinking about increasing exports? Because we have a huge international deficit. The deficit is the difference between imports and exports, so maybe we ought to at least examine the question of whether we should decrease imports first. How do you decrease imports? One way is to cut the growth of the internal economy. The United States has been on a spending binge for the last six or seven years. From 1983 to 1986 we spent approximately $1.5 trillion on imports. Demand growth in the U.S. went up about 7 percent more than demand growth in any other major country in the world. As a consequence our imports went up somewhere between $50 billion and $75 billion a year. At a meeting just a couple of weeks ago in Brussels two of the major economic officials from the European Economic Community pleaded with us to stop spending. Now that seems like a funny point of view for someone else to take. Presumably if we spend we are paying reasonable money for whatever we buy, but what they were saying is that we cannot continue on the spending binge we've been on the last few years. How do we cut down that spending? One way is to cut GNP growth. You can do that several ways. One way is to tighten monetary policy. We could also, perish the thought, cut fiscal spending. We could find other ways to cut GNP. Cutting GNP is not a very good alternative. It has very uneven effects. It tends to increase unemployment and it is not politically acceptable to the U.S. Congress. So cutting GNP in general, that is, holding back the growth of the whole economy, is not a very good way to cut imports.

How about cutting consumption growth, though? Can you do that. Sure, you can add a national sales tax. Or, we could add a value-added tax which is a tax used almost universally in Europe. This is an option that is being talked about in Washington and may well be talked about very intently next year because I think next year the President is going to face the issue of raising taxes and this will be one of the primary options to be considered. There are a lot of benefits to cutting consumption through a value-added tax or a sales tax. For one thing you will increase savings if you cut consumption. If you increase savings, you can increase investment because you'll probably lower interest rates. If you increase investment, you will generate higher productivity in our work force over time as workers work with more and better capital and that means higher welfare over time. On top of everything else, if we lower interest rates in this economy, we lower the exchange value of the dollar. That is, a dollar will be less attractive to foreign holders. That means the price of our goods become cheaper in terms of foreign currency. Exports go up, imports go down. We have accomplished what we wanted to accomplish.

By the way, we might also reduce the federal deficit somewhat if we impose a value-added tax, but that depends on what the government does about spending and about other taxes. Are there any negative effects to this approach? Sure there are. There are negative effects in almost everything in economics, unfortunately. Both a sales tax and a value-added tax are regressive taxes. The lower your income, the greater the proportion of that burden you are going to bear, because more of your income will go to consumption and you can't escape paying the tax. So the lower income earners are going to bear a higher burden. One way to offset this is to adjust income tax burdens simultaneously, so that as you raise sales taxes you lower income taxes for lower income groups as an offset.

For the moment I'm going to leave lowering consumption as a potential way to cut imports and perhaps obviate the need to increase exports. Are there any other ways to decrease imports. Yes, there is another way. And if you live in Washington its a way that gets talked about all the time. You can increase protection. Increasing protection is a little bit like talking about deodorants. Maybe it's necessary, and then again maybe in the end it will hurt us more than the alternative. To increase protection, we could increase tariffs, we could increase quotas on foreign products, we could negotiate "voluntary quotas" (whatever those are), or we could increase nontariff barriers. I just want to give you a couple of examples of some of these because they can be so much fun in the way we go around trying to hide the fact that we are doing something that lowers the welfare of some Americans. At one point in American history we wanted to lower the imports of Swiss chocolate. Hersheys probably lobbied for this very strongly. What the government did was pass a tariff that didn't mention Swiss chocolate, but that did mention that all chocolate that was produced with milk taken from goats that were grazed at an altitude of more than 7,000 feet was subject to the tariff. It turns out there is only one country that has a substantial chocolate industry of that sort.

I want to tell you another personal story. I was in Britain last year. Britain is in the European Common Market and therefore supposedly cannot keep out imports of products from other Common Market countries. The French decided that, having a large surplus of milk, they would irradiate the milk using a new technique that makes it viable for long periods without having to be put in cold storage. The French milk producers then decided to ship their irradiated milk to England. But knowing that the English didn't want to accept it, the French put it on one of those very fast Hydrofoil boats that goes across the Channel and shipped it into the English port of Portsmouth at about 4:00 in the morning and dumped 130 tons of milk in appropriate containers on the dock. It was all done before 6:00 AM. By 6:15 AM, the British government had impounded the milk, which was basically identical to milk that you could buy elsewhere in Britain, on the basis that they had to "test it." It would take them 6 or 7 months at least to test it. That is known as a nontariff barrier. Its just a government way of saying that we are not going to really put a tariff here. But don't think you are going to get that milk into British distribution channels because it just isn't going to happen. I could go on with hundreds of stories about these types of protectionist measures.

Are there any potentially negative effects in the use of protectionist measure? Surely. If we increase our protection, there's nothing to say that our trading partners won't increase theirs. You can easily conceive of a back and forth pattern that leads to zero trade. Zero trade means zero increase in welfare from trade. So no trade is clearly a negative. The fact is that we trade basically because in different countries we have different comparative capabilities and there is a potential gain to both countries from exchange. But the whole world is worse off if we go into a protectionist regime. The recent debate on the Hill about a trade bill focuses on increasing our protective measures, not because we want to protect our industry supposedly, but to offset protective measures that are imposed by other countries. That appears to be on the face of it something very worth while. But who gains if we increase our protective measures. The answer is those domestic industries that are lucky enough to get under our protective umbrella. Currently that means the U.S. steel industry, and the U.S. automobile industry. But we are talking about adding further benefits to the textile industry, the shoe industry, and other American industries. Who loses when we do this? In the short run consumers lose because consumers pay more for products and if they pay more for domestic shoes then they have less to buy other things with.

Current estimates are that existing barriers to the import of textiles cost American consumers approximately $20 billion per year. In the long run, we all lose, because I think you can take it as an axiom that as long as you have protection

American industry will not be competitive. You get too used to the subsidy that is implicit in the protection. And if you are not fighting to stay lean, mean, and efficient, then you won't be lean, mean, and efficient.

I mentioned three ways to reduce imports. Is any of them a preferred strategy? The first method suggested was to lower GNP. I think that clearly is a negative strategy. Increasing protection also appears to have negative effects on most Americans. If we adopt the third alternative, an effective consumption tax, it's a possibility. And it's a possibility that we could improve the deficit significantly without having to increase exports. So we have one possibility that says it may be worthwhile to reduce imports.

Let's turn away from that for a moment and let's talk about increasing exports. There are literally hundreds of ways to think about doing this. The first way I think, and I'm not going to go through all of the hundreds of ways so you can all heave a sigh of relief, but the first thing that could happen is that the government could change its behavior by reducing the federal deficit. I won't bother to trace all of the reasons why the foreign trade deficit exists but the federal domestic fiscal deficit is one of the primary reasons. Reducing the federal deficit means either reducing government spending, increasing government taxes, or some combination of the two. I'm going to take you through two alternatives, what I call the polar alternatives. Suppose that we reduce the government deficit by increasing taxation. That means we're going to maintain the current level of spending, or whatever that level of spending would be in the future. And we are going to leave fewer resources in the hands of the private sector, because we are going to increase taxes in order to maintain spending. If there are fewer resources in the hands of the private sector, we are going to have lower savings and lower growth in GNP over time. Now I'm not saying, by the way, that this is a bad alternative. Don't take me to say that. It is conceivable that the increase of government spending financed by taxes can raise GNP. In fact, a great many things that the government does are directly dedicated to supporting the efforts of the private sector in raising GNP. The issue is whether or not raising taxes would also raise GNP and that depends on what the government spends the increased funds for. The important point is that if the government wiped out the deficit, it would no longer be competing for savings along with private companies, because now the government has to finance the deficit by issuing bonds and getting private citizens or foreign nationals to hold those bonds. How does the government do that? It bids up interest rates. Because the government will pay any price it has to pay to sell bonds and get that deficit financed. Eliminating the deficit will probably lower the interest rate in the American economy.

That is partially offset in this case, because remember we raised taxes in order to eliminate the deficit and consumers are going to try to maintain their spending levels even though they have less money in their pocket after taxes. How do they do that? They go out and borrow to finance consumption. We're all pretty good at that probably. To the extent that consumers go out and try to maintain their earlier standard of living, that is to the extent that consumers value maintaining private consumption versus increasing consumption of government goods, then in effect consumers will drive those interest rates back up again. I leave it to you to guess whether or not the interest rate in the end will go down. It probably would, but I have a suspicion it wouldn't go down a great deal under this scenario. If it did go down at all, though, it would probably lower the price of the dollar at least initially. That would again raise our exports because our exports would be cheaper in terms of foreign currencies, so that our exports would go up. Over the long haul, it's not clear whether or not our exports would go up, however. And the reason is that if the U.S. Government balanced the budget, foreign countries would be in such awe of us that they would probably bid the price of the dollar back up again. In that respect I'm afraid I can't predict that this would be ultimately the best policy. It's hard to predict exactly what is going to happen except to say that suppose that we did increase exports after we had raised those taxes to offset the deficit? Their would be fewer funds in the hands of private individuals. There would be less private investment. Generally speaking, increasing exports over time means that you have to do a lot of investment in order to purchase new equipment and introduce new equipment and techniques. And that means in the end we would bid up interest rates again in order to get that investment done, or we would not do the investment. So, in effect, increasing taxes is not, I think, an optimal scenario.

How about an alternative scenario, and let's take the exact opposite case, where you eliminate the deficit not by raising taxes but by cutting spending. Suppose we do that by making some sort of adjustment in social security payments and in defense expenditures. I pose those as not the only alternatives available, although if you look at the current budget there is little else to cut. But that is probably the way we would effect a large cut in federal expenditures. The net result now is that we have balanced the budget, and we have a government that spends a smaller proportion of total GNP. We have more funds left in the hands of private citizens and a greater proportion of the total dollars available in private hands. Would interest rates fall? Almost certainly, because the government now is no longer borrowing money to finance the deficit. More than that--since consumers have the same amount of money in their hands that they had before, with the exception of elderly people who would have lower social security benefits and former workers laid off by defense firms, consumer credit demand would increase on the part of elderly people, probably, but no where near as much as it would under the other scenario. So we are more likely to get a net decrease in interest rates out of this scenario if we go though the same thing. If the interest rate goes down, the price of the dollar falls and exports increase. So we can accomplish an export increase by either raising taxes or lowering Federal spending. The outcome is more likely if we lower Federal spending, however.

The lower spending scenario is probably best. It is particularly best because there are more funds left in private hands and that means more savings and potentially more investment. Over time, that means higher productivity and increased welfare for the whole society. In that sense a decrease in government expenditures probably produces a higher growth rate over time. Again, I am not making a case for either one of these scenarios. I'm just using them as polar cases, what I would call pure cases as an economist. Both of them will probably increase exports, the second one probably more strongly. As an economist, however, and as a resident of Washington, I can assure you that the world very rarely deals with pure solutions. In fact, the typical solution in Washington is what I call the muddle through solution. And I think we will probably muddle through in the future too. Particularly, with the check and balance system of American government it is almost impossible to get a pure solution. You can propose a pure solution but it gets lost in the check and balance. So as we muddle through we will have higher government spending, higher taxes, higher interest rates, lower growth, a lower deficit, and lower exports. That is likely what we are going to have rather than either of the pure scenarios.

Given that, I can't say that we can count on government activity to be a major force in increasing exports. I do think that both parties are committed to reducing the federal deficit and that is the critical issue. They will not get 100 percent to their goal but they will approach it. In approaching it, that will make the situation better off for private exporters. What the government will do, in line with what the previous speaker said, it will continue to exhort you and all other American citizens to increase exports. One thing we are masters of in Washington is the exhortation. You should export because it is good for you. We'll get into that in just a moment.

Under the best of circumstances the Federal Government will not pass additional protectionist legislation. I say that almost as a prayer and it's probably the economists' prayer because I don't know many economists that want to increase protection, even though intellectually we will allow that occasionally. Once in a great while it's the right thing to do. For the moment let's assume that we resist the temptation to help those American industries that are testifying daily for protection and let us truly assume that we push with whatever moral righteousness we bring to bear for relief from unfair trade practices on the part of our trading partners. What I'm saying basically is that it may be better to be self-righteous than it is to be stubborn enough to do the same thing that they are doing to us. It may, in the end, produce better results.

Whom should the government exhort to increase exports? And I say "whom" because there are at least two choices. We can say to big business, "Come on guys, let's get out there and push for more exports." Or we can say to small and medium-sized businesses, "We want you guys to get out there and export." Big business is already doing an excellent job, and it may sound unusual for the Small Business Administration to praise big business, but I am going to praise big business in this case. Big businesses account for 80 to 90 percent of total exports, even though they only represent about 50 percent of our private output. If you look at the statistics over the last six quarters, American manufacturers, and that means primarily large manufacturers, are increasing exports at an almost unbelieveable pace. Exports were up about 14.5 percent last year. It looks like they are going to be up somewhere around 16 percent this year. We are gaining at least some place in the world for American manufacturing. The reason for that, by the way, is that big business already has distribution networks in place around the world, they already have knowledge of foreign markets, they already have knowledge of how to ship, finance, insure, and guarantee delivery on various products. Those are the things that you need in order to export. Big business already has what is needed to respond to any opportunity in foreign markets, and exhorting big businesses is kind of wasting your breath.

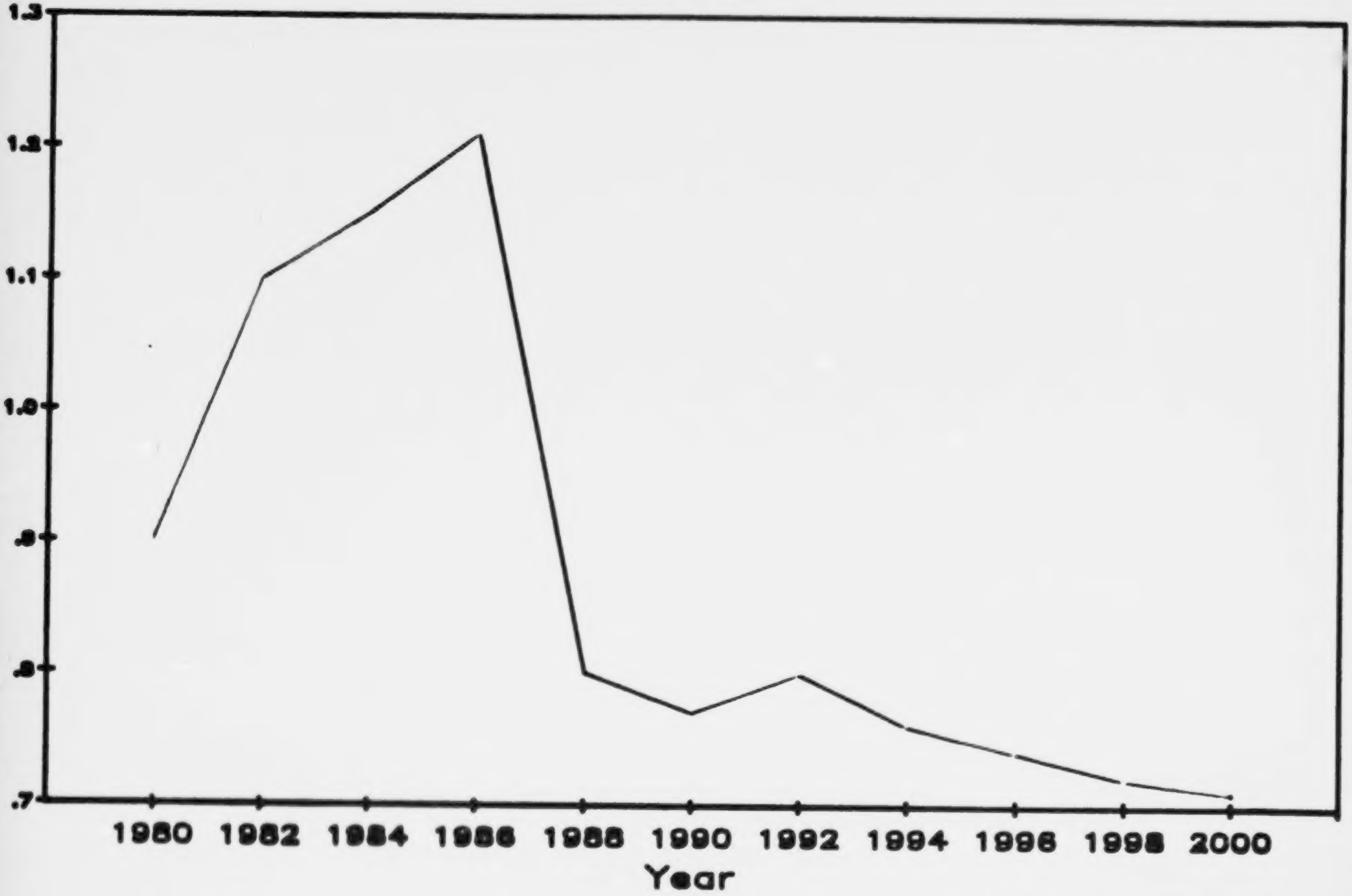
The government is probably correct to turn to small and medium-sized businesses and say, "We want you to get into the game." But should you do it simply because the government tells you you should do it? The answer to that is a resounding no. This is a point that economists make in a free market economy and I hope you are sympathetic to it, but the first question you should always ask is, "Is it good for my business?" Can I and my employees generate a reasonable profit by entering a foreign market? If the answer is no then you should stick with the domestic market that you know best.

If we look at the future, are there any other arguments that can be identified that encourage you to get into the exporting game? From what I can tell, and I have to admit that the economist's crystal ball is a cloudy one, but from what I can tell about the next 15 years, exporting opportunities are going to be mammoth and they are going to grow much more rapidly than domestic opportunities. That may be what convinces small and medium-sized businesses to get into export markets. Let me give you a few reasons why I think that is true. If you remember, the American dollar has been on a roller coaster in recent years. From 1980 to February 1985, the American dollar went up approximately 50 percent. To put that in simple terms, if in 1980 you built the most efficient manufacturing plant we could produce, by 1985 you would be 50 percent in the hole in terms of the price of your product in foreign currencies because the dollar had turned against you. Fortunately from February of 1985 to February of 1988 the dollar has fallen 40 percent. That gets you back at least to ground zero. And in fact that is critically important because if that hadn't happened I don't think there would be much hope for American exports. As it is, now you have a fair opportunity because the dollar is well priced in terms of foreign currencies. Looking into the crystal ball, over the next ten to twelve years we expect the dollar to fall probably another ten percent. I continue to worry about that because I speak to a large number of Japanese economists in the course of my work in Washington and they are very concerned because right now they think that there is a potential in the United States to compete them into the ground if the dollar stays in the region that it's in. On the other hand, they also feel very rich when they come to the United States because the yen is so high priced. They can buy dollars very, very cheaply.

What I can tell you about the future is that foreign vacations are going to remain expensive, but our goods and services will remain cheap to foreigners. Therefore we can compete. With the dollar in the realm that it is in now we can compete. We don't expect the dollar to go up except briefly over the next ten to twelve years. We do expect that it will jump in the early 90s and then start falling again. The jump will be a small one. It will only come back 5 or 10 percent. The second thing to note is that GNP growth in many countries and regions of the world will exceed U.S. growth between now and the end of the century. Domestic demand within those countries and demand for exports from the United States is going to continue to grow more rapidly than domestic demand within this country. In simple terms, world growth rates will average 1 to 1.5 percent greater than domestic growth rates here. That may not sound like much, but that is 33 to 50 percent higher than domestic growth. And that is a real incentive.

CHART 1

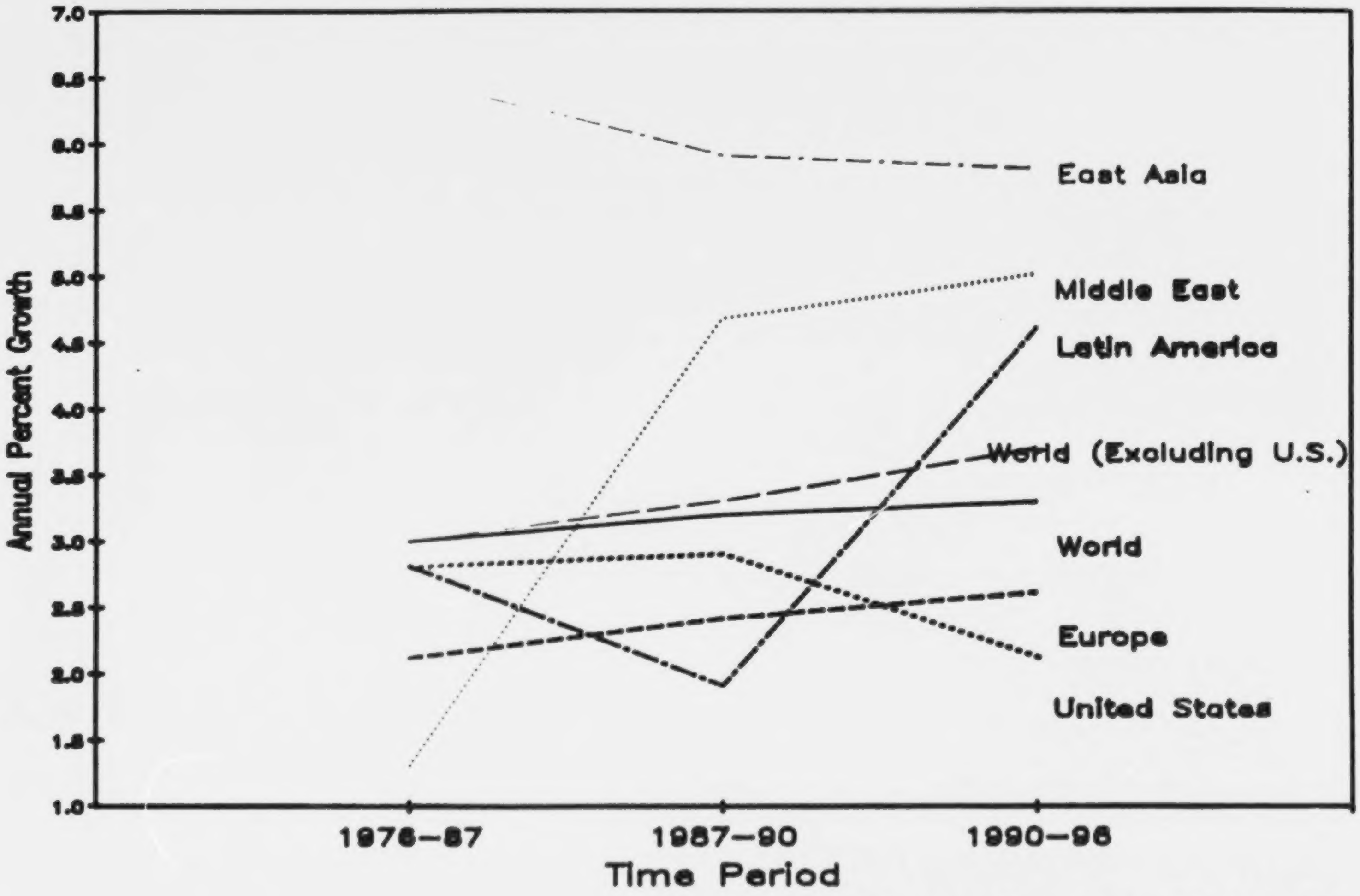
The Dollar's Real Trade—Weighted Exchange Rate



Source: DRI, U.S. Long—Term Review, Spring 1988.

CHART 2

World Growth (45 Countries): 1976–1986



Source: DRI, U.S. Long–Term Review, Spring 1986.

By the way, it's not a negative that U.S. internal growth will not be as high as world growth. The next dozen years is a period during which the baby boom generation matures and we are in the slow population growth that followed the baby boom which ended in 1964. Basically the reason that our output will not be going up as rapidly is that the population growth rate will only be about half of what it was over the last 15 years, slightly over 1 percent per year. In fact, population growth will decrease to about 0.8 percent per year by the end of the century. The labor force will be growing about 1.2 percent because we are going to continue to bring women into the labor force. I'll get back to that in a moment because I want to talk about productivity, which is the critical aspect for both domestic welfare and competition in world markets. I also want to mention Latin American growth which has been stagnant for the last dozen years or so due to particularly large trade deficits that are primarily associated with the Latin American countries financing of oil imports. That's not true in Mexico and Venezuela which are major oil exporters, but it is true in every other country. Latin countries have also generally been bothered by high inflation and low investment, but the good news is that they are expected to get over that by the early part of the 1990s and their Latin American economies are expected to take off with annual growth rates in the 5 percent range, which is very high compared to normal growth.

There is a precondition to that growth and that is that we find a better way to finance their existing deficits. You should be aware that because of the large deficits in Brazil, Mexico, Venezuela, and Argentina, the United States has lost roughly $25 billion a year in exports because of the measures that those countries have taken to cut down imports. If we can refinance that debt effectively, we can raise exports $25 billion per year because we would continue to be the major exporters to Latin America. Obviously, as their income goes up after that, we can expect that our exports would go up in a similar way. There are very, very large potential benefits to us if we can help find a solution to the Latin American debt crisis.

We're predicting that U.S. exports will grow faster than U.S. imports. That is already happening, but it will continue to happen through the year 2000. U.S. share of world trade will increase over this period because world trade will grow at an average rate of 5.5 percent. U.S. export growth will average 6.7 percent per year, which means we will take a larger share of world markets in the future than we have in the recent past. And finally, just to quote a number, by the end of the century we expect that U.S. exports of goods and services will be in the realm of $1.75 trillion. That is a lot of exports.

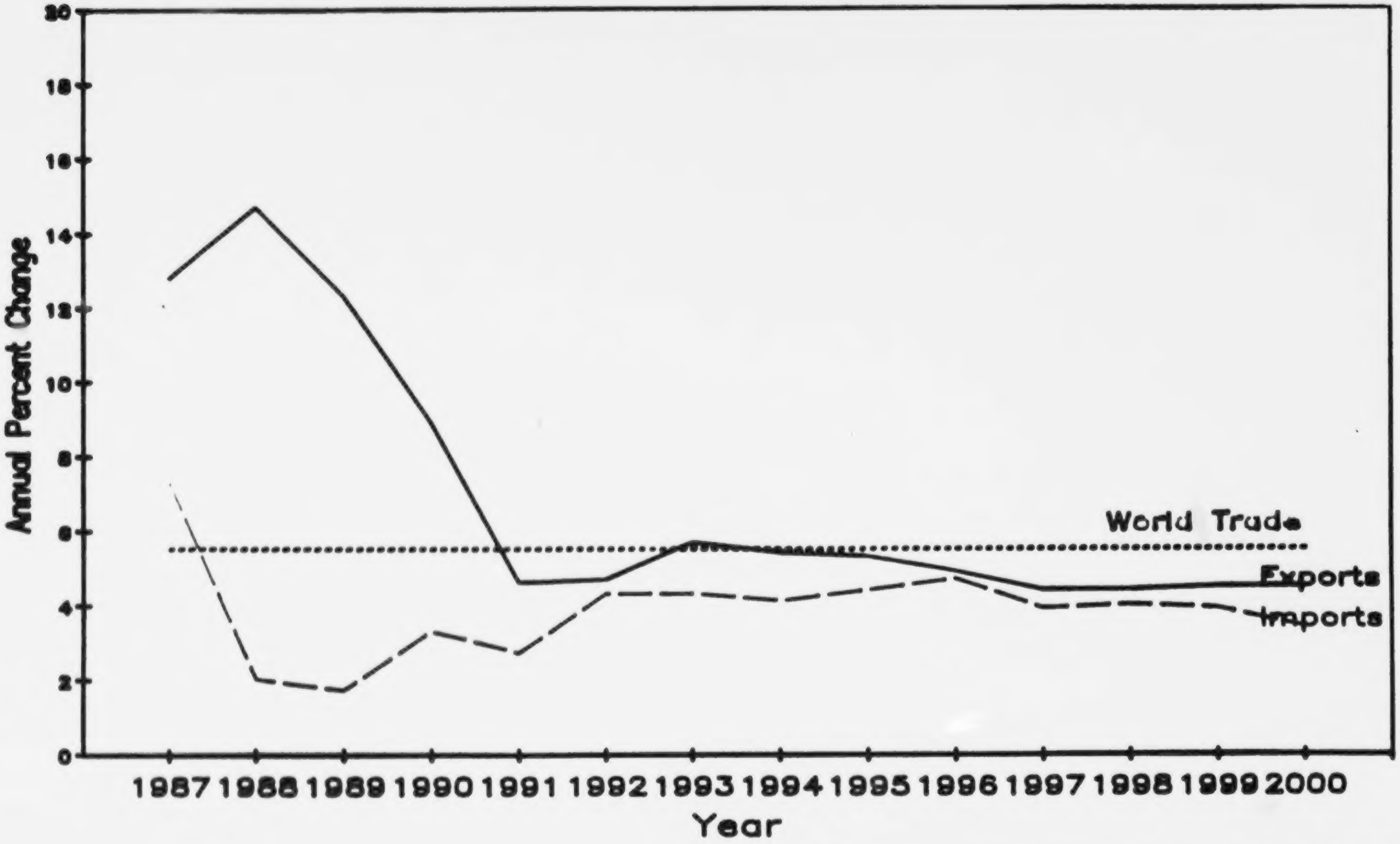
That compares to a level, by the way, of approximately $400 billion this year. So we are talking enormous growth potential. About two-thirds of that will be exports of manufactured goods. The other third will be exports of services. Small businesses, we think, will be particularly competitive in the service area, but we think that small manufacturers have probably have the best opportunities of all if they will take them.

Finally, I just want to say, again, from personal experience in Washington that there is a demand for American goods. I think Mr. Fireman correctly said that you can't take the words, "Made in America" as a worldwide standard of excellence that it used to be after World War II. But there is still a demand for American goods and there is, in particular, a demand for quality goods anywhere in the world. The issue is whether or not we can produce that quality and distribute it and service it around the world. I spoke to five Francophone African trade ministers recently and as one of them was going out at the end of the session he literally begged me to give him the names of smaller American companies that were willing to distribute in his country because he would like to break the French monopoly on much of the trade in Francophone Africa and introduce some real competition. He thinks that the United States is the logical place to get the competition. I wish him well. Unfortunately I couldn't give him the names of a lot of small companies that are beseeching us to get them contacts, but I certainly hope that in the future we can.

You can see the forecast, at least in terms of world growth and demand, the outlook for the dollar and the price of the dollar is very, very positive from the standpoint of exporting. What do we have to do to actualize our predictions about how big the growth will be? I think we have to do a number of things. I'm not going say much about the government, though. I've already said a lot about government activity. I will say that the simplest thing that the government can do is come to grips with the federal deficit in a way which does not move us away from a good long run equilibrium growth path. That is, if the government tries to put the breaks on, it can send us into recession. If it does that, it can hurt badly. Given the expected slow growth of the labor force, we must do everything possible to improve the productivity of our workers. That, I think, is something that you folks relate to more directly than most anybody else in the country. This means not only through initial education of children, but also through reeducation of the many people that our school systems have failed over the past years. To put it in simple terms, with the slow growth of the labor force in the American economy between now and the year 2000, we must focus on productivity increases and on

CHART 3

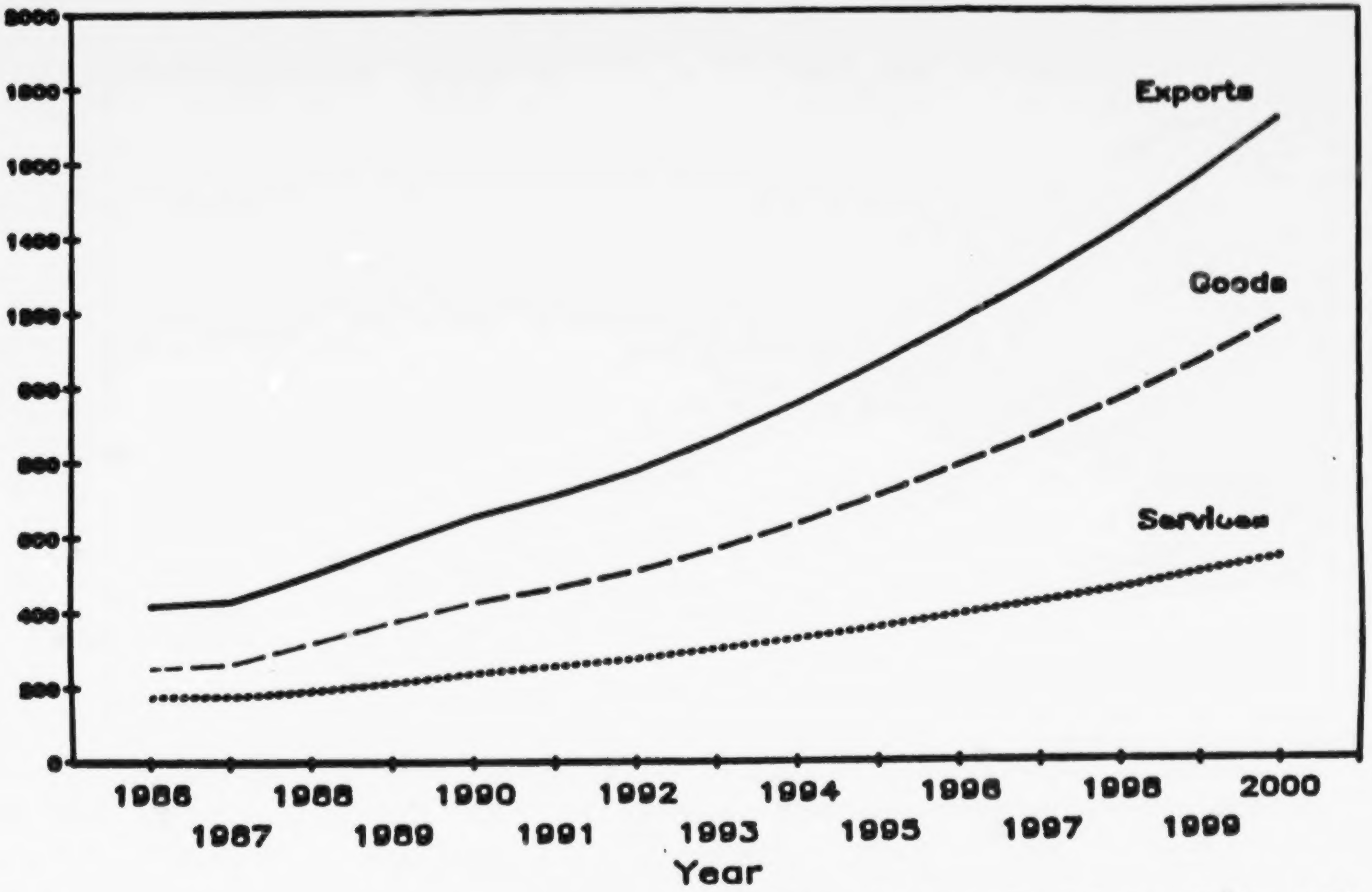
Annual Rate of Change of U.S. Exports and Imports, and Total World Trade
(1982 Dollars)



Source: DRI, U.S. Long-Term Review, Spring 1988.

CHART 4

U.S. Exports of Goods and Services
(Billions of Dollars)



Source: DRI, U.S. Long-Term Review, Spring 1988.

reclaiming the people that do not now have high productivity potential. I can't say it strongly enough. I think particularly our larger city school systems have failed so badly that they have absolutely handicapped a large proportion of American citizens.

What we have to do is find the national will to help overcome past failures through appropriate training and education or reeducation. Basically, we have to eliminate functional illiteracy which, from the numbers I see, runs anywhere between 8 and 22 percent of the work force, depending on what definition you use. Then, in effect, we must provide appropriate skills and knowledge to make our work force more productive. As an incentive, compare our current situation to the statistics on Japan where there is 0.5 illiteracy and the typical high school graduate has the equivalent of three years of college, not to mention a much more solid grounding in basic mathematics and related skills. I don't think we can continue to compete if we don't do something to redress that. The other major thing that is happening in the United States in the next 12 to 15 years is the aging of the American work force. The work force is going to increase from an average age of 35 years to an average age of 39 years by the year 2000. That is good in the sense of productivity. The average worker will have four years more experience. It's bad in terms of flexibility, because the older you get the less likely you are to want to either change careers or to change location. Certainly we can help with the change in careers. One of the statistics that I find almost unbelieveable is that the typical American changes careers four times over their lifetime. That implies a tremendous need for skill training and process training in all kinds of vocational areas. Again, I think I'm preaching to the choir on this one, but you have to be prepared for a major challenge these next dozen years because the numbers are literally staggering.

If we are to export successfully, many workers are going to need to know more about the process of exporting. For the most part, these skills are picked up now on an _ad hoc_ basis rather than through a formalized, and more efficient, training process. I don't think we can afford _ad hocism_ in the future. What about small and medium-sized businesses? What should the business do? First if small and medium-sized businesses are to export, they must commit their companies to exporting. This means exploring marketing opportunities around the world. Mr. Fireman says that quite strongly and quite efficiently. The U.S. Government can help somewhat through the U.S. and Foreign Commercial Service and through the other programs of the International Trade Administration in the Department of Commerce. There are many private companies that can help you with marketing opportunities abroad. But, in effect, we have to change the outlook of American business people to make them realize that the world is out there. I can understand the siren call of the American economy with 240 million relatively rich consumers. It's easy to understand why the typical small business doesn't look overseas. If small or medium-sized companies are going to export, they should produce a business plan which is targeted carefully to the market they wish to enter. And I would suggest that in many cases they will wish to target to one market only to enter foreign trade, not to try to do it on a scatter gun approach. The plan should incorporate a strategy which best accomplishes the tasks of not only producing the product but selling it and distributing it and servicing it abroad.

The tough part is that building a distribution network will almost certainly imply entering into new types of contracts for the typical American business. Again this becomes a training opportunity. Contracts have to be made with overseas nationals, or with export marketing or trading companies, or joint selling agreements with other manufacturing firms in this country, such as piggyback agreements of various kinds. There is an awful lot that the typical American business doesn't know about the alternatives available in overseas marketing. In many circumstances, small and medium-sized businesses are going to have to give up more control than they wish to over part of that total production and sales process. In fact, if there is anything that probably holds back American business it is the fact that they don't know how to enter into agreements overseas where they are going to lose some control. The fear of losing control is so overwhelming they refuse to even talk about agreements with companies overseas that are perfectly willing to help.

By the way, just as an aside, one of the great strengths of the Japanese marketing system is that they have five huge export trading companies that operate in every country in the world. Any Japanese business that wants to export a product can go to a Japanese marketing company that has extensive knowledge of whatever market they want to enter and can get all the help necessary. We do not have such a network in the United States. Sears tried to do that recently, lost $500 million and got out of the game. It can be a very, very expensive game. If we don't have the big horses to do it, I think the little horses are going to have to learn how to do it if we are going to get it done.

As I said earlier, small businesses must acquire a large amount of process knowledge which many of them do not possess in order to ship and insure and deliver goods overseas. Techniques for financing foreign contracts through letters of credit and techniques for hedging contracts denominated in foreign currencies must also be learned. It strikes me again that these are vocational skills that can be developed through a vocational curriculum if we can convince small businesses that they need to go out and get those skills.

If I had to offer advice about which markets to enter (and this is my last piece of advice) I would focus first on Europe because the Common Market is dedicated to becoming a true common market by 1992. That is, the European member countries are going to attempt to line up the internal policies of all the member governments so that they can eliminate borders for all intents and purposes within Europe. What that means from a trade perspective is that you will have access to a market of 320 million people with the second highest income in the world. Once you get into that market you can tranship within the market with very, very little hassle, because if you meet the standards to get in, then you can meet the standards anywhere in the market. My suggestion is that we try to penetrate that market by setting up foreign subsidiaries, if at all possible, to handle American products. Believe me, that market is going to take off very, very strongly in the latter half of the '90s as that becomes a reality. By the way, I have never seen anything in Europe that has the joint support of the various governments as strongly as this particular move does. It is probably the toughest thing that has ever been attempted in terms of world government, other than the United Nations perhaps. And the Common Market member governments are determined to make it happen by 1992.

I mentioned earlier that Latin America should also be a major market for American concerns.

My last word is that increased exporting will occur only after small and medium-sized businesses focus more attention on increasing exports. The educational system can do much to facilitate the necessary learning on the part of the business community, but commitment must be the key to both business and education.

"Teaching Them How and Where to Get Money"

Arthur Lipper III
Chairman

Venture Magazine

New York, New York

I'm not from the government, and therefore, I'm here to be of help to you.

Actually, my intent isn't to help you, it's to help the people you impact as a function of your careers.

When Cathy Ashmore and I were chatting about what subject I would address, we came up with the idea of money--how to raise money, where to find money.

I find that all too frequently there is a lack of understanding of money within the educational system. There is a lack of understanding of profit in the developing of businesses. If you would like to enjoy an experience of futility, join with me and the Joint Economic Council for Economic Education in terms of trying to teach elementary school teachers about the free-enterprise system.

Before I start, I'm going to very briefly read some characteristics to you: high verbal ability; a questioning attitude; keen powers of observation; persistence; intense concentration; wide range of interests; creativeness; originality; putting ideas and things together in novel ways; unusual, often highly developed sense of humor; ability to see relationships and make connections; sensitivity; high energy level; independence; a loner. Sound like entrepreneurs that we all know?

That's a list of characteristics of gifted children that was prepared in Ventura County by the Ventura County Superintendent of Schools in 1974. There is an enormous overlap in the characteristics of gifted children and successful entrepreneurs. I'll leave this for Cathy if some of you would like to have copies she can certainly make them.

Similarly, I want to read to you quickly, some signals of creativity, a checklist for parents: intense absorption in listening, observing or doing; intense animation and physical involvement; use of analogies in speech; tendency to challenge ideas of authority (does that sound familiar?); habit of checking many sources, taking a close look at things; eagerness to tell others about discoveries; continuing in creative activities after scheduled time for quitting; showing relationships among apparently unrelated ideas--"hey mom, your new hat looks just like a flying saucer;" habit of guessing and testing outcomes; independent action; boldness of new ideas--but I think that children should be allowed to vote; low distractibility; manipulation of ideas and objects to attain new combinations; penetrating observations and questions; tendency to seek alternatives and explore new possibilities; self-initiated learning; willingness to consider or toy with new ideas. That comes from Paul Sorrence at the University of Georgia. Again, Paul didn't have in mind entrepreneurs, he was focusing on gifted children.

Clearly, when we're dealing with successful entrepreneurs, however, we're dealing with people who are significantly more right-brain dominant than the norm, and have a different level of motivation.

Where and how to find money. Number one: the entrepreneur is an adherent to the golden rule--the man with the gold makes the rules. The entrepreneur will sign any piece of paper you put in front of him, as long as there's a check lying next to it. And that is just a fact of life. The entrepreneur is not money-motivated, in the traditional sense. He or she is goal and achievement oriented, and that is one of the problems for the investor.

Who does invest in entrepreneurial activities in new businesses? According to David Birch, who really is the authority in these areas, there are about 1,200,000 new enterprises started each year in the United States. Something over 600,000 new incorporations, about 100,000 partnerships and about 500,000 unincorporated proprietorships.

The venture capital community is insignificant as far as most entrepreneurs go. The venture capital community consisting of about 1,300 identifiable units managed, by about 700 management groups, invest in fewer than 500 new companies a year.

Who does invest? Well, the entrepreneurs, their savings and their abilities to borrow represent about 80 percent. You add to that three sources of equity: cradle equity, that which comes from the parents; pillow equity, that which comes from the spouse; and bendover equity, the pile of unpaid bills. And that's really how businesses are financed in the United States.

There is, however, another layer of capital source, and that is the so-called angel. The private individual who invests in private companies. We do not prepare, in entrepreneurship education, our kids to intelligently seek capital. We get them to do business plans, which may well be an unnecessary exercise. I've been involved, alone and with others, in starting maybe 100 companies in one form or another, and I've yet to do my first business plan (where I've been the lone entrepreneur) as I've self-funded most of the projects.

And I know that there are two sets of fools involved in the development of five-year projections. Those who develop them and those who believe them. But, it is necessary to do business plans if you are seeking capital from external sources. The real purpose of the business plan is to gain an audience with the funding source.

But, we don't teach our kids to move around to the other side of the desk to put themselves in the position of being the investor. That's what I've tried to do in the several books that I've done, and more so in the most recent one than any of the prior efforts.

What is the business worth, if indeed, it achieves its projections? I don't hear that question being asked. I carry with me a compound-interest rate table and a present-value table. Actually, I have a long form and a short form, one is my wallet, one is my diary.

I don't know how you can consider being in business, if you cannot use compound interest and present value tables.

Everyone, or anyone in this room who wants to sell me their business, I will buy it. You got a business, I'll buy it. I'll even buy it at the price you suggest, just let me determine the term of pay-out.

I have never seen a deal that couldn't be done between a willing buyer and a willing seller, if you can adjust terms. You cannot intelligently adjust terms, if you don't understand present-value tables.

What are the alternatives available to the investor? The kid develops a business plan. It's a good business. It'll earn $100 thousand five years from now--terrific. What is the business worth? If we can't help him make that determination, we can't help him structure a transaction, and we can't point him in a direction to get the money.

If we know what the business is worth. And by the way, I think that clearly, the best way of doing this, and I do this in two- and three-hour sessions at community colleges, is have the kids switch into role-playing.

Let the youngsters who are seeking capital, play the role of investor. Let them understand what the alternatives are. Not difficult to find--there are companies listed on the American Stock Exchange, trading over the counter, that have had a 15 or 20 percent annual average compound increase in earnings for a number of years. And where that is reasonably a projection.

Earnings are going to double in the next five years. If the price earnings ratio stays the same, this stock price will double. Now you would think that is the logical bogie for an investor, but it isn't. The venture capital community has been successful in putting this nonsense out there that they earn a 35 percent annual average return on investment, and therefore, that becomes the bogie.

So, an intelligent, well-informed private company investor seeks a 35 percent annual average return. I do not believe that those kinds of returns are obtainable on a predictable basis. In about the 27th year of a 35 percent annual average return on investment, the individual getting the return owns all the money in the world, and none of the rest of us have any.

Nevertheless, you have this expectation on the part of private company investors. And we have to teach our students, who are essentially the consumers of capital, how to deal with that expectation.

We have to introduce concepts of leverage. Those who use business plans in their instructional process somehow assume that businesses are funded by the investment of equity, the sale of stock.

That really isn't the way it happens. The more sophisticated the investors, the less likely they're going to buy stock, the more likely they're going to make a loan. Yes, the loan will be convertible. Yes, the loan will have warrants attached.

We have to teach our kids about borrowing. This book started out to be called "How to Borrow More Effectively." That became a chapter. We have to teach them how to borrow more effectively. We have to teach them what the loan officer looks for, not that they're going to get a loans from a bank until they can conclusively prove they don't need them.

But they should understand what the loan officer is seeking. How to appear before a lender. What the lender's greatest concern is. Why it is important to pay whatever bills they have on time, and develop a reputation, painful though it might be, for being prompt in payment.

There is no reason, other than profit, or increased probability of profit, to deal fairly. People who deal fairly end up borrowing cheaper, getting money more easily.

How and where to get the money.

How to get the money is a function of understanding the needs of the provider of the money.

Where? I believe the best source of capital for any privately-owned company is from an individual who started his or her own company successfully. I do not believe that, by and large, they're going to get money from institutionalized sources. Failure rates are very low in the United States. Now that's different than I know you all believe and have heard, but there were only 62,000 bankruptcies last year in the United States. Those are failures. There were over 400,000 business dicontinuances, 62,000 of which were the result of the bankruptcies. I prefer to use the term disappointment for the discontinuances.

I want to make two other very bad points.

How many here had businesses of their own? Good. How many here have had to terminate those businesses in some form? Anybody ever teach you how to terminate a business? No.

But we all sit here fat, dumb and happy, secure in the belief that most new enterprises will have to be terminated, and nobody teaches our kids how to do it with honor and dignity.

What are the signs that a business is not going to make it? Any one of you could walk through one of the companies that I own, and tell me better than I could tell myself, whether or not that company was ultimately going to survive.

And I could walk through any one of your companies and tell you, better than you would be able to, whether your company was going to survive and prosper. Why? Purely a matter of objectivity. Neither of us would be burdened with having created the idea, having the initial judgement that has to be vindicated.

Nobody teaches business termination for a lot of good reasons; but it's a whole course of instruction that I believe should be taught.

Last point. The entrepreneur is a character who goes through life proving himself, either to a parent, to a prior body of colleagues, to someone. It's a lifelong activity of self-proving of worth.

I have yet to meet a businessman who did not agree that he would have been better off to close an ultimately closed business six months earlier.

"It just can't be. You're going to have to close it. The sooner you close it, the better. The fewer the financial, psychic and emotional resources that it consumes."

One of the reasons that many of us keep businesses going longer than they should, is because we do not realize that we have already won in whatever we have set out to achieve.

We do not define winning appropriately. One of the reasons we do not define winning appropriately, and therefore do not understand that we don't have as much to continue to prove as we did when we started the business, is that we haven't prioritized why we're in business in the first place. I suggest to you that there are seven reasons, there may be more, but I can think of only seven major reasons to be in business for yourself.

And if indeed one could prioritize, and say that's the one that drives me, then the individual would be in a far superior position to create and orchestrate his or her business to achieve that result.

I believe that the primary reasons for being in business, not in any particular order, are the attainment of: one, a relatively satisfactory level of current income, personal compensation. That, by the way, is the typical, intent and focus of the small-business person.

Now you all know what a small business person is. That's someone who's four foot eleven, who would prefer to be called an owner or an independent businessman. I've never met anybody who wanted to be introduced: "Hello, this is my friend Sam Smith. He's a small businessperson.

Two: recognition, acceptance, acknowledgement, appreciation, credit, respect, admiration, acclaim as a person of value and importance.

Three: wealth of blank amount, in order that I may retire, change my life style, move, change my occupation, acquire something or create an estate of blank dollars to leave to my heirs.

Four: satisfaction, contentment, enjoyment, fulfillment, pleasure, entertainment, gratification through the process of operating my business.

Five: freedom to determine the course of my own destiny; to initiate appropriate actions and to make mistakes in the pursuit of the goals and objectives I have established as being important in my life.

Six: power--for the purpose of expansion or diversification; protection of a market; exerting control over others or blank.

Seven: financial security, as represented by an assured annual income of blank dollars for the rest of my life.

We'd all like all of them. You figure out for each of you what the one is that's most important for you. Thank you so much.

THE MAGAZINE FOR ENTREPRENEURS
Venture

ARTHUR LIPPER III
CHAIRMAN

23 Signals of Creativity: A Checklist for Parents

Creativity is a key component in most definitions of giftedness. Below are twenty-three characteristics that signal reativity in children and some sample statements by children that reflect those traits. The list was developed by Dr. E. aul Torrance, Distinguished Professor of Educational Psychology at the University of Georgia. While few children will lisplay all of the characteristics, several of them in combination indicate creative promise in your child that should be urtured at home and school.

____ 1. Intense absorption in listening, observing, or doing. "But I did not hear you call me for dinner!"
____ 2. Intense animation and physical involvement. "But I cannot sit still—I am thinking."
____ 3. Use of analogies in speech. "I feel like a caterpillar waiting to become a butterfly."
____ 4. Tendency to challenge ideas of authorities. "Why do I have to go to school until I am 16?",
____ 5. Habit of checking many sources. "Mom, I looked at all the books and watched a TV special and asked my teacher, and I still cannot figure out where God lives."
____ 6. Taking a close look at things. "Hey, this centipede only has ninety-nine legs!"
____ 7. Eagerness to tell others about discoveries. "Guess what! Guess what! Guess what!"
____ 8. Continuing in creative activities after scheduled time for quitting. "I did my artwork right through recess!"
____ 9. Showing relationship among apparently unrelated ideas. "Hey, Mom, your new hat looks just like a flying saucer!"
____ 10. Following through on an idea set in motion. "Tomorrow I am going to dig for gold in our backyard."
____ 11. Various manifestations of curiosity and wanting to know. "I just wanted to know what the yard looked like from the top of the roof."
____ 12. Spontaneous use of discovery or experimental approval. "I thought flour and water would make bread, but all I got was white goo."
____ 13. Excitement in voice about discoveries. "Flour and water make paste!"
____ 14. Habit of guessing and testing outcomes. "I put detergent in the birdbath, but no birds came to clean up. Can I try some bubble bath today?"
____ 15. Honesty and intense search for truth. "Mom, I hope this won't upset you, but I don't think there is a tooth fairy."
____ 16. Independent action. "There are no good books on racing cars, Dad. I am going to write my own."
____ 17. Boldness of new ideas. "But I think that children should be allowed to vote."
____ 18. Low distractability. "I cannot come out to play. I'm waiting for my chemical to dissolve."
____ 19. Manipulation of ideas and objects to obtain new combinations. "I'm going to take this string and this pencil and make a compass."
____ 20. Penetrating observations and questions. "When the snow melts, where does the white go?"
____ 21. Tendency to seek alternatives and explore new possibilities. "This old shoe would make a great flowerpot."
____ 22. Self-initiated learning. "Yesterday I went to the library and checked out all the books on dinosaurs."
____ 23. Willingness to consider or toy with new ideas. "What if dogs were masters and people were pets?"

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CHAIRMAN'S COMMENT

Why Are We In Business?

Recently, in a probing conversation with a younger friend, the following primary wants were recognized as reasons for an entrepreneur being in his or her own business. The wants were, in some cases, stated as needs. Many entrepreneurs would benefit from assigning priorities to their wants or needs, and the list below is presented as a nonprioritized guide. Perhaps readers will be able to suggest additional entrepreneurial motivations. If entrepreneurs can identify and rank their wants in order of significance, they will be able to do a better job of business and estate planning.

* * * *

I am in my own business *primarily* because I want to achieve

1. a relatively satisfactory level of current income (personal compensation).
2. recognition (acceptance, acknowledgment, appreciation, credit, respect, admiration, acclaim) as a person of value and importance.
3. wealth of $ ________ in order that I may retire, change my life-style, move, change my occupation, acquire something, create an estate of $ ________ to leave to my heirs, or-______________.
4. satisfaction (contentment, enjoyment, fulfillment, pleasure, entertainment, gratification) through the process of operating my business.
5. freedom to determine the course of my own destiny, to initiate appropriate actions, and to make mistakes in the pursuit of the goals and objectives I've established as being important in my life.
6. power for the purpose of expansion or diversification, protection of a market, exerting control over others, or ______________.
7. financial security as represented by an assured annual income of $ ________ for the rest of my life.

Personal priority rankings: ____ , ____ , ____ , ____ , ____ , ____ , ____ .

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Gifted Traits Can Cause Classroom Problems

Gifted children often exhibit characteristics that are different, in degree if not in kind, from those of their average age-mates. Frequently, the very traits that differentiate bright youngsters may get them into trouble in school. Following is a list of 15 characteristics of gifted children and some problems that may arise in the classroom as a result.

Being aware of the potential problems is half the battle. Head off problems by being sensitive to the gifted child's nature, and by redirecting negative behaviors into more productive outlets.

By Roxanne Cramer, a parent and teacher of the gifted from Vienna, Va. She is also chairman of the Hollingworth Award Program for research in the psychology and education of the gifted and formerly Mensa's National Gifted Children Coordinator.

Characteristics	Potential Problems
1. High verbal ability, unusually large vocabulary	The child: Seems older and more mature than he or she is, leading to unrealistic expectations on the part of teacher; has difficulty developing listening skills; uses this verbal gift to manipulate or dominate others.
2. Early reading	Presents problems to primary teachers who may not know where to begin to meet the child's language arts development.
3. A questioning attitude	Questions authority as well as rules, regulations, and generally accepted facts; teacher may feel threatened, which could result in hostile feelings towards child.
4. Keen powers of observation	Sees through sham and pretense; teacher must be secure enough to admit he or she does not know something.
5. Long attention span, persistence, intense concentration	Is unable to go on to a new activity; becomes oblivious to everything and everyone around, sometimes missing explanations, directions or assignments.
6. Ability to learn basic skills more quickly and easily, and retain much information with less repetition	Resists drill and repetition; becomes impatient with those who do not learn as quickly; devours material almost as fast as the teacher prepares it.
7. Wide range of interests	Leaves activities incomplete.
8. Very narrow interests	Sticks to thing he or she knows or does best, unwilling to risk trying new things; signals perfectionist tendencies.
9. Creativeness, originality, putting ideas and things together in novel ways	Is seen as being nonconformist or rebellious, even "weird."
10. Unusual, often highly developed sense of humor	Sees humor in situations that escapes others; sometimes leads to judgments of inappropriateness by others.
11. Ability to see relationships, make connections	Makes intuitive leaps which can exasperate teacher who insists on step-by-step procedures.
12. Sensitivity	Is often overly sensitive, taking minor jokes or teasing too seriously; has feelings easily hurt.
13. High energy level	Cannot sit or wait quietly; is impatient; seems to have inherent need to be constantly engaged in activity; becomes bored, sometimes disruptive; can exhaust teacher.
14. Independence	Has difficulty working with others on group projects or activities requiring cooperative effort; usually prefers working alone, doing it his or her own way.
15. A "loner"	Does not develop appropriate social skills, which leads to more isolation.

Based in part on work by May V. Seagoe, cited in The Identification of the Gifted and Talented, *by R.A. Martinson (Ventura County Superintendent of Schools, Calif., 1974).*

A PANEL DISCUSSION:

"How to Connect with Foreign Markets"

Abby Shapiro, Moderator
International Coordinating Council
Boston

As was mentioned, I'm the Director of the International Coordinating Council. This public/private partnership is somewhat unique in that it seeks to assist the Secretary of Economic Affairs, and his office, in promoting Massachusetts internationally. We take a look at what our area has to sell or interest people abroad and then try to capitalize on that leverage, the state resources with private resources, to make the biggest and the best impact. When I came on board to the I.C.C., one of the things that I felt was needed in our area, which is clearly replete with a great number of resources and services available to promote exports from our area into world markets, was to bring together the many public and quasi-public providers of service--i.e. small- to medium-size businesses in the area of export promotion and trade services--around a table, literally, to meet with each other on a regular basis. We hoped that at a minimum they would share their calendars and that ultimately they would try to develop a program of outreach to small- to middle-size businesses to encourage them to get more into the export business.

And so in March of 1987, I came on board to the I.C.C., and I six to eight weeks ever since, with the I.C.C. acting as the coordinator/facilitator. The business people around the table create the programs, and provide the drive for what will eventually be services delivered to small- to middle-size business in Massachusetts.

The three panelists who are with me here today are all members of the International Trade Roundtable and represent different constituencies, organizations and associations, all of which are helping to promote to small business entry into world market through a variety of different ways and methods. And so, without further adieu, we'll start with Paul Horn who is a special projects manager, director for the Economic Development Industrial Corporation in Boston.

"A Panel Discussion

Paul Horn

Director

Economic Development Industrial Corporation

Boston

There'll be a prize for anyone who, after this meeting can remember what EDIC actually stands for. People who have been in the city for years mess it up one way or another. I'm not personally offended.

EDIC, Economic Development Industrial Corporation, is the city's economic development arm. We are, I like to say, the torch carrier for light industry and manufacturing throughout the city.

We have a planning authority, the Boston Redevelopment Authority, which officially is the city's planning agency when, historically, they've been mostly involved with commercial and residential, rather than industrial, development. So our mandate in life, our mission, is to promote light manufacturing in various ways--industry to keep blue collar jobs here in Boston. We're fighting that battle on several fronts these days.

We are in the process of trying to create what we're calling white manufacturing zones: special areas where industry is protected from other so-called higher uses, from speculation which keep valuable industrial property off the market. Companies that have been in the city for years, and that would be thriving, are finding it more and more difficult to find affordable and adequate space throughout the city. With the downtown economy moving in the financial service sectors, land traditionally devoted to industry and light manufacturing is becoming increasingly scarce and increasingly expensive.

We carry out this mission in four or five basic ways. First of all, I suppose we're best known for being a developer and manager of industrial property. In 1974 and again in 1983 we took over, in phase fashion, the former south Boston navy yard and army base--a complex not very far from here, consisting of about 200 acres of land and water area--now home to about 150 companies employing close to 4,000 employees, and still growing. We expect to be up to the 5,000 employee, 175 company mark within a year or so. We have two other industrial parks south of the city where Digital Equipment, for example, has recently announced an expansion plan in the neighborhood of Dorchester.

I gather most of you are from outside the city or state, so names don't mean much to you, but that park gives you some idea of the companies we're working with. A neck-tie manufacturer, a juice-maker distributor, a label-printing company, and a metal-finishing company are all in the park, and they all represent the small manufacturing base for which Boston has been a home for many years.

We're not the high-tech center of Massachusetts. You have to go outside the city to the so-called 128 area to find those high-tech companies. Our concern has always been with the small business, employing in most cases, fewer than a hundred people.

In addition to managing and developing industrial property, we provide financial assistance. We have several loan programs available to companies that can add jobs through expansion--whether that means buying a new printing press or modernizing their facility or acquiring land. We're there to help, usually in conjunction with private banks. We're induced to make a loan, in many cases, where otherwise there wouldn't be a loan. We offer a loan guarantee as part of a loan package, and subordinate ourselves in case the worst happens--the company goes belly-up--so that when the bank has to step in, it gets first position. We make those deals attractive to the bank and to the companies to whom we can offer, generally, a lower interest rate.

We also provide job training at our Boston industrial park. In south Boston, the former navy yard and army base I mentioned, we have a job training center, the Boston Technical Center, which now accepts people from outside the city, as well as any residents who qualify on the basis of income criteria and who can use their Pell federal scholarships to obtain job training services.

We provide real estate assistance to companies. To the increasing number of companies that are coming to our door looking for space, we provide an inventory of real estate information for them. Often we've made a few brokers rich in the city by providing that kind of service.

So where do exporting and world trade fit in? About a year ago we undertook a survey of the 900 or so companies that make up what we call our "Boston manufacture universe." We asked them a number of questions about their financing needs and their interests or potential for exporting. It won't surprise some of you, I'm sure, to know that there was not a terribly enthusiastic, overwhelming response to the exporting questions. As we looked at the answers to the questionnaires we received, we could see many of these companies scratching their heads and wondering, "Exporting? I've never thought of exporting. "Why should I? My domestic markets are fine. I'm busy as it is. I'm installing a new computer system. But, a few thought of exporting, and we contacted them. Over the last year or so, we've been following up and working closely with these companies: where there may be markets for their product; the nuts and bolts of getting into those markets; and finding distributors. For that effort we have depended greatly on Abby's International Coordinating Council, and the international roundtable she has helped form. Andrew Bendheim, who works with Mass Port's foreign trade office, will talk more about this later.

We've become part of the export evangelism, as I call it, that we hear so much about. We hear so much that everyone should get into exports. While I do believe that, there are many opportunities for companies that they aren't necessarily in the position to know about. That's where we come in. I also believe, and have discovered, that companies are very busy with other things, legitimately, and now may not be the right time for them to get into exporting. So we're doing a very careful selection process to find companies that have the interest and willingness to spend some time on exporting. For those companies who are interested, we roll out the red carpet, in a number of ways that I can describe. First of all, in response to the survey, we brought companies in to meet with Andrew, who about a year ago, took over the job and put together a staff of foreign trade experts--specialists in certain product areas as well as certain areas of the world. I won't steal your thunder, Andrew, you can go into that in more detail.

We've also made companies aware of our willingness to provide working capital financing to companies who have an export deal that they might not otherwise be able to carry out. We can provide that kind of financial assistance.

Thirdly, we are now working on a new program that Jack Wolf pioneered at the University of Massachusetts at Amherst, where marketing students in the graduate business school, are assigned to consultant teams to work with companies in developing an export strategy. That project usually takes a semester. A company works closely with the students, and they get the best of circumstances--a polished and professional product that tells them about strategy, the world in general, and some practical methods, and next steps to take to implement an exporting plan. The model we're developing with a number of local universities here in Boston will also involve some speaker series, seminars on various facets of export trade--how international trade issues generally affect your companies, your company's trade situation--as well as the nuts and bolts--letters of credit, export insurance, all the unglamorous, unsexy things that companies have to deal with if they're going to be serious about export. So we're really launching all these products, and it's very exciting. We talk more among ourselves, more among each other. We realize that we have vast resources here in this city. I suppose we're fortunate in Boston to have so many university resources available. We have a New World Trade Center.

Mass Port has had a foreign trade unit involved in this business for several years now. They're the veteran players. My underlying premise, as we approached this program, was that EDIC did not need, and should not spend any time trying, to invent an export assistance program of its own. The landscape is already crowded with people who have resources to offer. Our best approach is really to harness those resources, coordinate them, and make them work for Boston companies.

You won't hear this from the chamber of commerce--let me make a quick digression here--but Boston is still primarily a working-class city. We've got to provide all kinds of jobs and not just the service sector jobs that have won so much notice recently.

One-tenth of our population lives in some form of publicly-assisted housing. We have a drop-out rate in our high schools of close to 50 percent. We are much lower in the average income measurement than the surrounding metropolitan area, which in most parts of the country, I think it's fair to say, would constitute the city: the Cambridges, the Sommervilles, the Arlingtons, the Medfords and so forth. Boston is a small part of that metropolitan area--just 900 or so manufacturing companies, by a fairly broad definition. Many working class people haven't found their livelihoods and their economic footholds yet in this booming service economy. That's our role. If we can get some companies to export, and if that exporting activity leads to new or retained jobs, then we've done our work for that working class population. Let me let Andrew talk more about Mass Port's program, and perhaps a bit more about how we try to coordinate things. If there are any questions later on, I'll be happy to take them. Thank you.

A Panel Discussion

Andrew Bendheim

Massachusetts Port Authority

Boston

Mass Port, the Massachusetts Port Authority, operates the airport and seaport here. We have a vested interest in increasing trade from this region and to this region--trade in terms of cargo; trade in terms of tourism.

My unit of Mass Port, focuses on trade in terms of cargo, and we do it in several ways. Like you, I consider myself an educator. I'm finding more and more that there's a tremendous lack of knowledge about how to export, among those with whom I deal, mostly business people--small-, and medium-sized business people. Every day I hear a question that just shocks me. There's really no sense of geography among these people. They don't know where countries are. They don't know which markets are or are not good for them.

Often companies come to us because they've received a letter in the mail that says, "We want to buy your products--we're from India, we're from Pakistan, or we're from London." They don't know how to deal with it.

Most of these companies have been throwing these letters away for three or four years. They don't know what to do with it. Their markets here are good enough, why bother? They think it's going to be a nightmare.

For some, it has been a nightmare--they didn't get paid; they didn't follow the right ways. They just sent their goods over there and thought, "We'll get a check next week." Nothing happened. They never saw their goods or their money again. So they're hesitant. And these fears exist. There's a sense that if you deal, for example, in South America, "Stay away from that area. There's no market there, everybody's poor, and you'll never get your money, they're all in debt. So don't even touch that one."

Well, my goal is to try to change those attitudes and those perceptions. For instance, last night we hosted the president of Costa Rica. I invited a lot of people to that dinner. Many people asked me, where is Costa Rica. We did that because we wanted to increase the awareness of possibilities. We wanted to help people to understand that the Caribbean and Central America, are becoming major hubs for manufacturing. We want people to realize this because there are trade opportunities there. Costa Rica's a great example of that.

We mostly work on a one-on-one basis with companies. We provide services for those companies. We provide services that we hope will lead to more cargo shipments through our facilities. Those services I categorize in three ways: referral service, research, and what I call, hand-holding.

Every day we get five or 10 calls from companies. Many of them are in the process of exporting. They want to know how to do a certain thing. "Where do I get a license? How do I ship my product?" We don't have all the capabilities to do everything.

We run the facilities. We're not freight-forwarders. We're not lawyers. We're not bankers. But, we have connections with all those sources. And we help interested business people make those connections. I really see myself, not only as an educator, but as a matchmaker.

On the research end, our research consists of activities such as investigating markets. A fellow who manufactures shoe soles in Massachusetts came to us asking where he could sell his shoe soles abroad. We know that the shoe manufacturers are now making their shoes, actually, in Brazil and in Europe. So we're working on identifying the market, and also helping them find buyers and distributors for their products. To do this we use many interns from the area colleges. We couldn't do it without those interns. At any one time we have about three who help us do the research that makes the connections possible.

I'm most proud of the hand-holding we do at Mass Port. We take a small company through the whole export process--from the "what's-my-strategy" line through the "is my product marketable abroad; how do I have to change it; and what do I have to do to make that work abroad;" and to the eventual "how do I actually sell it?"

Unfortunately, we see a lot of companies here who want to export by just sitting in their offices. We like to test the waters--we want a commitment from these companies. We want to know if they'll travel abroad. The companies they'll be dealing with want to see them in their territory. And that takes an investment. It takes time. It takes money and a lot companies aren't willing to do that. And that's why it's very discouraging for us to put in a lot of time and effort only to find that even though we have names of distributors and buyers abroad who are willing to see these companies, that we've tested the product and that customers want to meet them--they won't go and see them.

In the past we've worked on trade missions, and we're still working on trade missions. The latest one is a catalog show in Vienna for which we allowed companies to stay here, while we took their catalogs overseas. We prefer to take the individuals themselves to major shows. That's one of the most efficient ways of conducting business, particularly in Europe and the Far East.

Back to hand-holding. The hand-holding that we do consists not only of developing the plan, but also helping to implement that plan. We've actually sent out mailings for companies. We've taken them to shows--if that's appropriate. We help them follow up their initial meetings. We tell them about the social customs and the business customs.

Let me give you one quick example. A trading company from Japan contacted us. They were interested in products dealing with residential home construction. The housing industry in Japan is booming. They want new products. They want American products. I was with the trade people from Japan, Korea, Taiwan--they were begging me last week to find them products they could buy here.

Back to the housing situation. We found the trading company a couple of prospects here in New England. They had their people come from Japan. We introduced them. We took them to meetings. We informed those companies how to conduct the meetings, if they wanted an interpreter, etc. What happened was we found a skylight manufacturer that looked like a good lead for the trading company to represent in Japan. We're happy to say now they're negotiating on a representation deal in Japan for the skylight company in Maine. The Massachusetts Port Authority has a New England reach, and will take cargo from anywhere.

I find that there are many of different parts to my job. One of them is education, which comes through public relations, and events like having the president here. You've got to create awareness. You've got to create opportunities, and you've got to push and pull. Paul Horn has been helping me do that. Abby has been helping me do that. I think it takes a team approach. One organization, one person can't do it. None of us alone has enough money to really make a big show here. But, our organization probably helps 100 companies a year.

Probably the first year it doesn't pay off. Exporting takes time. It doesn't create immediate results. You make contacts. Sometimes those contacts take from half a year, to a full year to make into a sale. But, it's well worth it when it happens. Not only from the Port's standpoint, but for the local economy here and the jobs that it creates.

It also creates greater awareness, and that's one thing I'm very pleased about. When I can bring a fellow from south Boston together with a Japanese trading company, and let them sit down and learn from each other--it's fascinating to see all the education that takes place.

A Panel Discussion

Jack Wolf
Professor of Marketing
University of Massachusetts
at Amherst

I'm pleased that I was asked to appear before you. I enjoy talking about what I think is a successful formula, especially with a room full of educators. I think what I've been doing for the last three or four years in close cooperation with the Small Business Administration, which is present in this room today, wouldn't be a very successful model, as simple as it is, without the SBA.

I'm a professor of marketing in the School of Management at the University of Massachusetts, which is in Amherst, 85 miles west of Boston.

I'm in Amherst, not in Boston. So therefore, I've been dealing with companies that are in that region of the state--central and west, all the way to the New York line.

You will see shortly why the Small Business Administration is important to me, and the reports prepared by my students in a course called International Marketing, which is a course, not required, but offered by one of the departments in the School of Management at the university.

I've always been faculty there, or at other institutions. I was in administration for a number of years, and my job, basically, was to make friends with external constituencies of one type or other. That included student placement, alumni relations, and corporate relations. It included a number of activities and programs for which the hopes were to make friends for the School of Management. I was the marketing manager of the School of Management.

I also taught marketing courses in order to keep my hand in the class room. I gave up that administrative post in 1985. Even before I gave it up, I put in place the model I'm going to describe to you, primarily because I realized that as the external dean in a school with an internal head dean, or pure dean, (I was an impure dean), I realized that one way to make corporate and company friendships is to in effect, deal with them. In my humble judgement, schools of business or maybe other professional schools or faculties in general for that matter, are guilty of not relating to the profession for which they are preparing their own products.

And so I began to realize as an administrator, that crossing the bridge between an academic environment and a community that that environment was supposedly serving in an educational sense, was very important. As a faculty person I acquired a maverick attitude in terms of wanting to look outward, and reach outward. So, when I went back to full-time faculty status, to teach this course in international marketing, I decided to give students a change of pace, and to give companies an opportunity to meet the students and learn what the students were capable of doing. And they're capable of doing quite a lot, if you give them a chance, and you give them rein, and you give them some supervision. But let them do it. And the motivated ones will do it.

So, that's how I got into this model, this business, so to speak, of working with small companies, even including some start ups, who heretofore have not considered very seriously, exporting to foreign markets.

So, when the class in international marketing meets every semester, or every other semester, I'll divide the class into teams of two to three students each. As a result of a number of sources or contacts that I have generated, and with the help of others--like SBA, the International Trade Administration, the Department of Commerce, banks with international departments that know clients, clients with foreign market interests, or economic development agencies in the area, the region, and communities in the west and central parts of the state--I will get leads on companies. I will line up those companies in advance telling them this: if you will be a client company this next coming semester, and use a student team, then we will prepare for you a two-part report that, in effect, investigates a new foreign market. You name the market, you choose the market. If you think you've got your eye on a particular market, and do not have the staff time to research that market, let me, with a group of students, do that for you. It's an easy sell, because, there's no cost to this project as far as the client company is concerned. We're able to get away from a cost to the client company because the Small

Business Administration, with its very strong programs, one of which is called the Small Business Institute Program, modestly funds students for the expenses they incur in preparing the consulting report for the small company that has agreed to work with us for the semester.

So, the teams are organized and assigned to the companies. Then the team goes to the company and gets briefed: here's what we are; here's our management; here's our product line; here's our competitive situation; here are our markets; here's how our products are used in the user industries. For the most part these products, not always, but for the most part are industrial products. Some are technical, some are not so technical. I don't let that bother me because, although difficult sometimes, even a non-technical business student can get a grasp of how the product is used, by whom, and how buying decisions are rendered in those industries using the products. So, even though technical situations do complicate things a bit, I've worked with a large number of technical firms and students who are non-technical, and they've prepared tremendous reports for the clients. So that doesn't trouble me.

So the students go to a company, they get briefed, they come back. I meet with each one, one on one. In fact, in class we sometimes, in effect, want to share with each other. I don't want just a team to be only concerned about their company. So we discuss across all teams. Here's what we've learned. Here's what the briefing produced. And here's what we're going to go about doing.

I meet with each group one-on-one, not only at the beginning of the semester, but throughout the semester several times in order to exercise a quality control dimension. I don't want to be surprised at the end of the semester with a report to a client when I'm trying to make a friend. I don't want a marginal report to end up going into that client's hands. So at any rate, I meet several times, and I'll have to admit that this teaching format consumes a tremendous amount of extra time that allows me, with tenure, not to have to worry about research, and publications, and writing esoteric articles. I don't have to worry about that dimension; although I suppose I should, because that's how I presume I would be evaluated, as most faculty are, on the basis of their scholarly publications. I prefer, in the dawning years of my teaching career, to do things that are more beneficial to students, and frankly, more beneficial to outsiders who, I hope, will change their stereotypes about what academics are in business or other schools. My biases are showing now, I admit, but my approach has been to change the pace for the students. Students tell me, "I got my hands dirty on something real. I met with management. I dealt with a product line. I looked at a foreign market in terms of cultural adaptations and differences that any business person thinking of doing business there must appreciate. Part on of my report is going to talk to the client about the environment of doing business there. And part two, in effect, is going to talk about how we penetrate that market."

Students can talk until they're blue in the face about a marketing plan or a course of action, but until they actually have to do it and put it on paper, it doesn't really have meaning.

I brought with me copies of the syllabus that I give to students in this course. I don't think I brought enough, but I'll be glad, if anyone leaves me a business card, to forward a copy to you if you wish to have one. This syllabus, in effect, describes what I want the student to understand about the objectives of this course; what their responsibilities and obligations are; and what the two parts of this two-part report should consist of. It also gives them some sources of information.

They don't just do library research on this. Some of the expense reimbursement involves telexes. It involves conversations on international phone calls with our commercial desk people in our embassies in foreign countries. It involves dealing with and acquiring data base searches through the library, which costs 20, 30, or 40 dollars, depending on the extent the search conducted. The students incur expenses, but I make them put some of their own financial hide into the report. I want $30 a head. So for a three-person team, the first $90 is on them. And everything over and above $90 I'll reimburse, with receipts.

So, in effect, the simple model I'm describing gives students a learning opportunity, a chance to work with each other and to fight with each other, and either become permanent friends or imminent enemies by the time the semester's over--so there are some interpersonal relationships that are involved here. It gives a client a chance to learn about what students are capable of, and a lot of placements have taken place over these past semesters when a small company falls in love with one of these students, and hires him or her. I've had many students who, as a result of this course, have sought entry jobs into the international arena. And though that's tough, they have something to show during their interviewing travels with recruiting companies. And recruiters, for the most part are impressed with what they see, in terms of a class effort.

A client, a paper company, just a week ago, sent me a letter saying the student group did a superb job, gave us a very useful report, and raised some issues that are going to be very important to us. "It's a usable report, I would have paid $30,000 to an outside consulting firm to prepare this report." Now that came from the president of a small paper company.

I won't say all 70 or 80 reports were A-quality, but only a very, very small portion I would call marginal quality, where I lost control of the team--where I lost quality-control somewhere along the line, or where a few students, even in an elective course, got senioritis, for example, or the good weather broke too soon. I do get some of that. But, I'll have to say it's only five percent, seven percent.

Most motivated, bright students who are challenged with this kind of a format have told me that it is a great opportunity for them. They really were able to apply what other traditional courses and foundations of work gave to them.

I don't have a text book, in the traditional sense. I use a Department of Commerce book called Essentials of Exporting, and

I'm going to use next fall a very nice book put out by the Small Business Foundation of America here in Boston called Exportise, written especially for small business. So I use non-traditional text books for these student teams. I don't lecture on a systematic basis. I will supplement, and in these classes I will invite, for specialized topics, the international banker to talk about how to paid. I'll invite the freight forwarder to talk about those services. I will invite the lawyer to talk about the dangers of finalizing a contract with an agent in a South American country where you better make sure the contract has certain escape clauses or you're going to be in trouble in terms of paying off, assuming the marriage falls apart. Things of that nature, in other words, I have specialists come in. Export management company managers and so on. They know far more about what they do than I do. I tell these visitors who come into class that I want the students on these teams to walk out of here with some ideas that they should be telling their clients in these reports. So, it's an educational opportunity for these students. And the theme is international. And to that extent, I think what I've briefly described here, is certainly a good way to connect with foreign markets, which is your theme. So if in your neighborhood you've got a maverick faculty person, you've got an SBA that's willing to help fund, or some benevolent agency and organization, and I just mean modestly--I get $400 a case from the SBA for each team, and usually they stay within that kind of a boundary, so we're not talking big money here, we're talking good quality for a modest price--I hope that in your own neighborhoods, wherever you come from, and given your interest and your motivations and why you're here in this session, I hope that you're able to maybe make a contact in order to get a model like this off the ground where you are, because frankly, I can't push it any better than I have here, but to say that it works. And it works for everybody. Everybody wins. The schools win. The client wins. The students win.

I neglected to mention that there's been a follow up to what I've described here, I was very pleased to join the Commonwealth of Massachusetts trade mission, a delegation that went to West Germany this last month. I was there for about seven days, but the delegation was there for a longer period, almost two weeks. Although the delegation consisted of officials out of the Secretary of Economic Affairs office, plus company people out of small businesses, or medium-sized businesses in the biotech and the software industries here in the Commonwealth, and also two or three academics--I was an academic on the marketing side, a non-technical academic, and I went along primarily to have the opportunity to talk with organizations and institutions and university-type people, educators if you will, in West Germany, and I might add that Abby Shapiro, on my left, did a superb job in arranging the types of people we should talk with. So various members of the delegation went their own way, and where I went, in effect, was to talk to institutions and to faculty-types who just might want to hear what I do here internationally, long distance, and to discuss with them, how we might develop some kind of configuration where, for example, a West German company interested in New England or the U.S. market could use an American student team or an individual to research the U.S. market for that German company and do it here on sight. And why can't, for example, an American student or a German student for that matter, research for a Massachusetts company in Germany. Why can't we do this in a mutually beneficial way using some kind of a model formulation where everybody wins. The German company wins, the Commonwealth of Massachusetts company wins, the students win by doing that research, and instead of doing it long distance, let's do it on sight. And there are also opportunities for managers to exchange, that is American managers interested in that market could either get seminars here or there or both. And vice versa for the German managers. So what we did was, in effect, to join the delegation to explore these kinds opportunities, and now with some follow-up that is key, of course, to making this thing work, we're hoping that a number of different versions will, in effect, take place. And in particular, I've located a firm in Pittsfield, Massachusetts, that I believe wants to be a pilot company and actually fund a German student who would research that market for them on a modest basis, and benefit by getting a report back from that student. And that's just an illustration of how, internationally, we can cooperated with other international institutions. So, that was the purpose of the West German trip, as far as I was concerned. I'll put these syllabi here for anybody who wants them.

"A Commitment to Value"

Michael E. McGreevy
Treasurer and Chief Financial Officer

Pacific Bell Directory

San Francisco

It is obviously very delightful for me to be here with you tonight, and a very distinct privilege to have been asked to share my thoughts with you. The title of my thoughts is "A Commitment to Value," something that I personally, both as a professional businessman and as a human being, believe very much in. As an after dinner speaker, I'm mindful of advice that was given to me several years ago by an admired colleague. He said your speech should be positive, be brief and be seated. I want to assure you that I intend to follow his counsel. I'm sure that's much to your relief.

I wish to compliment you, Cathy, and your staff, for your selection for the theme for this week; and to you conference attendees for your participation in recognizing and embracing the responsibility all of us have to prepare America's young entrepreneurs for a world full of markets. Tonight my comments will focus on a theme that is complimentary and fundamental to preparing for the world market. Its importance is basic, in my opinion, and critical, to the success of meeting the needs of the marketplace, whether they be domestic or international. Its recognition and enactment is critical if we are to solve the perceived problems that are confronting the American economy today. What are these perceived problems? Are they really problems or symptoms?

First, it has been said that the trade deficit is the problem. The symptom is the serious situation in this country. Despite the good news on the merchandise trade deficit in March, exports are expected to return to their previous levels, and the trade deficit is likely to win again. It's most disconcerting that more than 26 percent of total U.S. demand of goods and services in the first quarter of this year was captured by imports. Not only is this an all-time high, it places pressure on further dollar evaluations.

Secondly, it has been said that the budget deficit is the number one problem. It is a burden on our economy, and is mortgaging our children's future. Forecasts call for a budget deficit of $170 billion in 1989. In fact, total U.S. debt as a percentage of national output is rising faster than output itself. We are going into debt faster than our ability to pay it off. As a result, we can expect further weaknesses in our currency, reduced services for increased taxes where their combination makes my view of the economic scenario, economy for American business, very embarrassing.

Thirdly, it has been said that uncontrolled growth and consumer spending in increased demand for our products overseas is the problem in placing inflationary pressures on industrial output. Interest rates are indeed rising where they will head--over the next year, over in the next month, is anybody's guess--and I really mean anybody's guess. Nevertheless, like the trade budget deficit, in my view, inflation is only a symptom of the problem confronting the American economy today. I would suggest to you that maybe, just maybe, the real problem is that we--business people, educators, public servants, government officials and the like--have lost sight of the basic purpose of business enterprise. For tonight, I wish to address that basic purpose, and to seek your reassertion in commitment to it. We all understand that there are many very apparently conflicting definitions of the purpose of business enterprise. For example, it can be said that the purpose of business is to meet customer needs, or to reach your own expectations, or to satisfy the economic distribution of society's goods and services. In my view, all of these purposes are valid from their individual perspectives, for they are all based on one elemental concept, and that is value creation. Whether one considers Adam Smith's Wealth of Nations in 1776, or Michael J. Porter's value chain analysis in 1986, and all the works of the active additions and practitioners in between those times, in my view, one must always return to the rise in the debtor of business, and that is value creation.

Businesses exist to create value which is measured in "yours and mine;" and the commitment to this basic bedrock concept is critical. It represents the success and vitality of this country. Having asserted that value is the litmus test for success or failure--how will I measure? how will I know when value is being created or when value is being deluted?--an economist or a financial analyst would define value in this concept: "the present value of the cash flows from business enterprise during the observed period, plus residual value, plus marketable securities."

Very clear, right? Rolls off your tongue, doesn't it? I am not at all certain that young entrepreneurs' hearts beat faster, at the mere vocalization of such a statement. I believe in our earnestness to be analytically correct, in our desire to be professionally competent, we have lost the inherent simplicity of the concept of value. In my view, I believe that value can be best understood and communicated by two supplemental, elementary concepts--quality and productivity.

What is quality? My definition: doing the right job, the right way, the right time, the first time. The emphasis here is on focus, right job, right place, right way and on time, the first time.

What is productivity? My definition: doing the right thing with less resources. The emphasis here is on right with less.

These two fundamental concepts are all we need to understand to get a handle, in my opinion, on that elusive term, value. For if each of us, either as a producer or as a seller, does the right job, the right way, the first time with less resources: we are maximizing value creation in America's economy.

So my message to you tonight is a simple one: in our industry to analyze the deficits, both budget and trade; in our rush to meet world market needs; in our haste to place the solution of our perceived problems in an already overburdened government system;

let us be ever mindful of our purpose--be us entrepreneurs, captains of industry or educators of tomorrow's entrepreneurs as captains of industry--let us commit ourselves to value creation.

For our part, we business leaders must instill in our employers the realization of quality and productivity in their elementary forms: right job, right way, first time, with less resources. For your part, we ask that you continue to commit to the development of future entrepreneurs for America, and we ask you to consider whether these elementary concepts of value--productivity and quality--exist in the curriculum, in the projects, in the messages that you bring to these budding young entrepreneurs. If not, I ask that you consider re-evaluating your program.

In a very real sense, our alliance, and jointly asserting value creation as fundamental to America's vitality, can be the cornerstone of making the 21st century the century of American entrepreneurs.

Thank you very much.

Closing Remarks: Margaret Gayle

Entrepreneurship: A Framework For The Future

Introduction

I am delighted to be here for Dr Marvin Cetron. If you have not heard him speak, I hope that you will have that opportunity in the future. He has prepared for you a handout on *71 Major Trends* that you can take with you. Many of his trends show the direction and the importance of an Entrepreneurial Society for the Future. Your conference program and theme is excellent; I wish that I could have been here all week to participate in your discussions related to Entrepreneurship and the discussions on model programs throughout the country. Your conference reminds me of a quote that I heard at a technology conference recently: "We've had too much of a good thing, and it is wonderful."

It is interesting to think about Entrepreneurship in the Future and to study the Future to give direction to the Present. I think that it is important to develop more futurists, and an exciting place to start is with a group of entrepreneurs. The future and entrepreneurship go hand and hand.

So, what I would like to do today is to capture the essence and the concepts of the *71 Major Trends* provided by Cetron, and put them in a context to think about the future in a way that will focus on whether we can move Drucker's "entrepreneurial society" forward through education and training. Can we teach people to be entrepreneurs? Who are the entrepreneurs? Where is entrepreneurial development taking place?

An Entrepreneurial Society

First, entrepreneurship in the past and present societies has been valued by people, but it has not been rewarded by the establishment. Our society needed them, but most of them could not survive within the establishment. The future tells us that the establishment will become entrepreneurial in nature. People will be hired who have the spirit and work habits of entrepreneurs. So we do have a paradigm shift, from the past to the future, as we think about businesses of the future. Forecasters such as Cetron and Peter Drucker write about this future society and the skills that will be needed to move us into the future in a competetive way. When historians look back to this time they will say that this has been the time for entrepreneurs. George Bernard Shaw said, " *The reasonable man adapts himself to the world. The unreasonable one persists in trying to adapt the world to himself. Therefore all progress depends on the unreasonable man."* I can relate to that because I was born to be an entrepreneur -- I bet you were too. How many of you are entrepreneurs now, or are you still trying to decide if you want to be one when you grow up?

The American Dream

The American Dream, to be your own boss, is getting better and better as we look at the demographic shifts and the changing workforce. All of you know the data better than I, but when we think about these changes -- the one trend that we can all relate to is *longer life spans for all of us.* Have you projected yourself to think about how many years you have the potential for living; and that you can start new careers or new companies?

My brother and I came out of the same home environment; I loved books, school, and became fascinated with words and the power of words. He hated books, dropped out of school, and loved doing things with his hands. He became the millionaire and the entrepreneur; I became the middle class public servant in education. Now that I have turned 53, I would like to earn a million and become in reality that entrepreneur that I have tried to be within a beaurcreacy. How many of you feel that way too?

Who are the Entrepreneurs?

As we think about the future, we have to consider -- who are these entrepreneurs and what do the trends tell us about them. In 1985 there were 10 million self-employed Americans. The average income, according to a recent report, is $22,000.00 and that includes the small businesses and sole proprietorships. Most of the increase has occurred in the last ten years. The major good news is that entrepreneurship is growing at four times the rate of salaried workers which supports the*entrepreneurial society* concept. We can no longer tell students that they can go to work for a company and retire there. That kind of future will not exist for most workers. Yet, our educational programs are still catering to the notion that all kids will grow up to be doctors, lawyers, and managers, with the majority becoming workers. As Cetron said to me recently, " *the A students become the researchers, the B students become the workers, and the C students become the entrepreneurs who endow the universities."* There is more truth in that statement than most will acknowledge. These new entrepreneurs include mid-career professionals -- many of them women who have hit the glass ceiling -- I am one of those and so are many of you. I am trying to decide how I want to spend my next twenty years of worklife. All of us have the potential for many careers and time to earn degrees or to learn other skills. It is an exciting time to consider future options with average lifespans reaching 75 to 100 years. Future generations will exceed 100 year lifespans; therefore education and training should encourage entrepreneurial skills.

Forecasters and futurists are talking about major shifts in abilities and the potential of human beings over a longer time span, but can we cope with the human factors related to constant change and the demands for creativity and high speed management. This kind of society will require people with the characteristics of entrepreneurs. Trends indicate that by the year 2000, 85% of our people will work for a firm that employs less than 200, and more than likely for a firm that will employ less than 100. North Carolina has reached those predictions due to the loss of major jobs in textiles, farming, and other blue collar industries. Those industries are returning, but with a new look -- a high tech environment with managers who are innovators and who have the ability to operate as entrepreneurs.

Women Entrepreneurs

You have a section within the 71 Major Trends that focus on women on the leading edge of this entrepreneurial trend. Currently there are 3.7 million sole proprietors. Many women have learned to manage well by taking care of households with limited incomes. Women today start up businesses at three times the rate of men and produce $100 billion of the gross national product. By 2000, the trend indicates that women will own 1/2 of all the sole proprietorships. These will create major changes and shifts in the workplace, the economy, and in the political power base. Competent women, with MBA's are leaving corporations for many reasons, but primarily because management has been structured for a male work environment. These women are the leading new business owners.

Senior Entrepreneurs

There is another group -- the senior citizens, the older Americans. Suddenly, a tremendous new crop of older Americans, who are in their sixties -- who have decided to start up businesses; they are the new wave of entrepreneurs. They are in sharp contrast, when you think about it, to the perceived profile of a young, dynamic, motivational-type entrepreneur. These seniors have high income levels -- their own income, and they have the resources and talent to network for a broad range of opportunites. They are providing consultant services to financial management, community services, and retail businesses. And, there is the Lee Iacocca type, according to Drucker, who is his own entrepreneur with his own large corporation.

Young Entrepreneurs

When I think of young entrepreneurs, I think of our DECA students in high school organizations across the country. Many of these students who have learned their skills in this outstanding organization, have become entrepreneurs in high school. A national DECA winner a few years ago said that he had been an average student in the classroom, but that he had earned $500, 000 in his computer information business. At an innovation and inventor conference in the Research Triangle Park two years ago a young teenage attended and brought his adult clients with him; he was introduced as starting up and selling three businesses.

The Franchise Business

A franchise business opens every 12 and 1/2 minutes in America. Women and young people are the fastest growing numbers opening these businesses. These businesses can flourish, in a structured environment, with limited resources, providing opportunities for many people to become their own bosses.

Women, senior citizens, and young people have moved into the mainstream of the entrepreneurial society. The future does belong to those who have the entrepreneurial spirit and know it. We should take another look at the characteristics and risk taking factors of entrepreneurs and evaluate whether we can teach it.

The Global Connection

Cetron's *71 Major Trends* also focus on global markets which is your conference theme. Two trends indicate that specialization and mult-national companies are emerging as major areas for the future. The potential for these new areas will be achieved if we are able to better educate and train for working in an international environment, which includes better education in languages and cultures, economics, and entrepreneurial skills.

An important third trend related to world markets has to do with corporate take overs and new management trends. Cetron predicts that the big will get bigger, the small companies will survive at better odds, and that more middle size companies will get into trouble, and many will disappear. We are witness to this now.

In addition, think about Apple Corporation, which began as an entrepreneural company now reorganizing to be more "business like" under Sculley's leadership with 4500 employees, and IBM with 400,000 employees, reorganizing to smaller units with managers who have been described as entrepreneurs. Both of these companies are trying to adapt to the changes demanded by a more complex world market. These three trends are among the most important as we consider future trends in the context of world markets.

Entrepreneurship and the Future

What do the trends tell us about the future? The future will require better decision making. We must find better and more creative solutions to today's problems. Many of the past solutions do not fit into today's business models. New philosophies in managing businesses and people will require changes in curriculum and delivery systems. Curriculum is the key to what we end up with in human resource development; the way we educate and train.

The future indicates that we are becoming a knowledge society. We have a paradigm shift from brawn to brain workers. The Industrial Revolution initiated the Industrial Age and the importance of most workers being physically strong in the workplace; the current technological revolution is ushering in a number of ages simultaneously; the chemical, the biogenetic, the entrepreneurial, and many more. A service economy is emerging to add to the complexity of change and the required skills for managing and working in the future. The Industrial Society proclaimed, "if you are strong - you can work," the new societies will demand that the "brain be strong and creative" to meet the challenges of the future. Knowledge workers who have entrepreneurial skills will have an edge in changing careers, owning a business, and learning new skills.

Education and training programs must be restructured with an understanding of the trends, issues, realms of society, and future jobs. This restructuring must include education within a framework of relevant information and tied to future projections.

We keep looking at the drop-out situation in this country. It is no news to me that we will continue to have drop-outs as forecast, because we have not brought any relevancy into our public schools so that students can feel that what they are receiving has meaning for them in a future life. Adult programs must provide shorter timeframes to learn new skills by using newer learning technologies.

Entrepreneurial Development

Where will entrepreneurial development take place? Can we teach entrepreneurship? And what is the curriculum design? You have spent some time discussing the service sector and where that is taking place. The majority of workers (80%) will be classified as knowledge workers and at least half of them will be in the service industries; delivering personal services, medical allied services, food, and information services. The potential for medical services for entrepreneurs is staggering as we look at the graying of America. In the next twenty years in the international field of research and development in medicine, genetics, robotics, and related areas the potential for small businesses cannot be measured by today's standards. The future will be bright for those who are trained and educated to be the entrepreneurs of the future.

So, while we are trying to give people attitude-adjustment about the future and changes in skill training, we must teach people about the future and about international cultures. Most Americans know little about foreign countries and their impact on our economy and future.

One of the most important things to think about for the future is to determine the kind of individuals we need in society for the future. Forecasters say they must be inventors, they must be confident, creative, visionary, and have good ideas. Some say they must be obsessed with their good idea. Many believe that entrepreneurs are only small business owners; others believe that the major difference in a small business owner and an entrepreneur is that the entrepreneur is obsessed with getting that idea or product into the marketplace at any cost, even failure. They will take any risk. Entrepreneurs are needed now more than ever and that trend will continue into the future.

Entrepreneurial development will continue to take place in the communications areas: telecommuting, teleconsulting, telemarketing, and teleconferencing. A friend of mind, with two young children, trains Fortune 500 companies in teleconferencing from her home in Durham, N. C. She works for a major telecommunications equipment company out of Boston. She teaches teleconferencing techniques and telecomputing.

The individuals who have the ability to use the technology, who can access information, who can synthesize it, understand its potential for others, will have a bright future. We have more information than ever, but understanding its potential for others, with a vision to understand that potential in a holistic approach to solving major problems in an efficient manner, will create new millionaires in the future.

A major key to the difference between the past and the present is if you cannot do it quickly, someone else will. The major problem with business management now is the inability to react quickly. As the Dean of a well known business department said recently, we have high speed technology and high speed manufacturing, but we don't have high speed management. It is very difficult for the human being to cope with the complex changes and to bring other people along with those changes. The entrepreneur will have an advantage in the future.

Drucker says that anyone who can face up to this kind of decision-making can be an entrepreneur. He says it is behavioral rather than personality. Some of you have been discussing this topic at this conference -- there is a great deal of disagreement about how entrepreneurs get their skills and whether they can be taught.

Entrepreneurship in the future will depend on the human's ability to understand the future, develop scenarios, and jump into the future to alter negative trends. Innovation in curriculum and technology delivery systems will provide people with more alternatives for developing the skills related to business principles. Liberal arts education and technical education are both important for all people for the future. We cannot separate technology from the content of the disciplines that we study.

There is a major struggle within society as educational planners, politicians, and policy makers try to move toward becoming world leaders again in the marketplace. If our students, young and adult, are to develop these skills, then their teachers must be entrepreneurs themselves and take on that spirit. If our teachers do not understand the future and are not motivated to learn about it, then according to Urich in Toffler's, Learning For Tomorrow, *they will do tragic damage to those they teach.* It is crucial to get more dialogue with more people involved in discussing entrepreneurship and the potential of its impact.

In summary, I believe that we have to put the curriculum and the delivery systems into a framework of the future. We can no longer sacrifice teaching people in a fragmented way; we must put the information together, the why and how of education. We must integrate knowledge, and become more efficient at teaching. We must train teachers to become entrepreneurs within the classrooms, and finally, develop materials that will allow us to teach entrepreneurship in a more realistic way -- case studies as an example, would be an excellent way.

The future will belong to all of us if we accept these challenges, if we become futurists, if we reconstruct the future -- through consortium efforts, such as this and through public forums. We have these windows of opportunities, but we have an attitudinal window that we must deal with -- because of paradigm shifts. The future will be wonderful for those who have the ability to look into the crystal ball and listen to their hearts, who can feel confident with what they know, not that they have just a good idea, but knowing that they can take that good idea and put it into a context of real understanding of the future, and the needs of society.

Cetron's *71 Major Trends* give you the data you need. I hope that the entire conference has synthezied entrepreneurship and the global connection for you. I want to congratulate you for the outstanding work that you are doing. Society must move in this direction -- entrepreneurship will be the valued spirit of the future. I want to challenge you with that, and leave you with a new hero, Kelly's Pogo who said, *I am faced with insurmountable opportunities.*

CONCURRENT SESSION #1
2:45 - 3:30 p.m.
June 6, 1988

(A) "TRAINING FOR WORLD-CLASS COMPETITION: THE ROLE OF LOCAL DEVELOPMENT ORGANIZATION/COMMUNITY COLLEGE PARTNERSHIPS IN ENTREPRENEURSHIP EDUCATION"

The New York City Education Center for Economic Development shows how partnerships with the private sector can be developed. Meet their outstanding partners to hear how it works.

Donald Menzi, Executive Director, New York City Regional Education Center for Economic Development

Panel:
Adam Friedman, President, Garment Industry Development Corporation, New York, New York

Georgianna Appignani, Ph.D., Vice President for Development, Fashion Institute of Technology, New York, New York

(B) "ENTREPRENEURSHIP/SELF-EMPLOYMENT FOR LOW-INCOME PERSONS"

An in-depth look at a successful entrepreneurial training program for low-income participants. Program structure, financial and revenue sources will be discussed. Video highlights. We will explore from "Contact to Contract."

"We Might Be Poor, But We Are Not Dumb!"

Jim Nelson, Director of Economic Development Community & Economic Development Association of Cook County, Inc., Chicago, Illinois

Roy Dilliard, Community & Economic Development Association of Cook County, Inc., Chicago, Illinois

(C) "SMALL BUSINESS IN EXPORT MARKETS"

A national sample of small manufacturers shows differences between exporters and non-exporters. The differences are examined to identify and expand export activity by firms with export potential.

K. Mark Weaver, University of Alabama

George Solomon, U.S. Small Business Administration, Washington, D.C.

CONCURRENT SESSION #2
3:30 - 4:15 p.m.
June 6, 1988

(A) "TRAINING FUTURE ENTREPRENEURS: THE ENTREPRENEURSHIP AND BLACK YOUTH PROGRAM"

Basic business skills, use of role models, and university settings combine to spark entrepreneurial talents. Initiated at the University of Georgia in 1980, modifications of this successful program now operate on five other campuses in Georgia and in three other states.

Le-Quita Booth, Associate Director, Small Business Development Center, University of Georgia, Athens, Georgia

(B) "THE PART COMMUNITY BASED ORGANIZATIONS PLAY IN THE WORLD MARKET"

Realistically, although we are aware that individuals desire employment, they lack the necessary skills that would render them marketable. How can individuals "prepare for the world markets?" What can small business and community organizations offer with a low budget, increased competition and a need for their product to be accepted and demanded by the user?

Patricia R. Burke, Associate Executive Director, Nia Comprehensive Center, Illinois

(C) "USING ELECTRONIC COMPUTER SOFTWARE TO DEVELOP A SMALL BUSINESS PLAN"

The most critical element in entrepreneurship and small business development is the small business plan. This document is used to secure financing and give focus to small business plans. The ten regional education centers for economic development as part of the network in the New York State Education Department have access to and use the Discus Small Business Planning Software for this purpose. In this session the curriculum for using the software will be demonstrated, rationale for use of a computer-based software package will be revealed and a representative of the Kodak Company responsible for the development of the software will give a real demonstration of its value.

David Mathes, Executive Director of the Finger Lakes Regional Education Center for Economic Development, New York

Nelson Ronsvalle, Chief of the New York State Education Department, Bureau of Economic Development Coordination

CONCURRENT SESSION #3
4:15 - 5:00 p.m.
June 6, 1988

(A) "COMMUNITY RESPONSES TO ENTREPRENEURSHIP AND YOUTH"

Developing and supporting entrepreneurial spirit in those between the ages of 16 and 30 years of age. Target is those without financial capability or educational completion necessary to become self-employed.

Dawn Walker, Director of Employment Initiatives

Matz Finchenstein, Manager, Ottawa YM-YWCA, Ontario, Canada

(B) "LINKAGE: PROVIDING TEACHER TRAINING AND INFORMATION ON ENTREPRENEURSHIP EDUCATION TO VOCATIONAL EDUCATORS"

Included in the presentation will be the mission of the center, services provided, in-service programs, train-the-trainer workshops and a look at what Florida is currently doing to provide infusion of entrepreneurship training into the vocational programs in the state.

Wally S. Holmes, Director of the Center for Career Development in Entrepreneurship Education, University of West Florida, Pensacola, Florida

(C) "INTERNATIONAL EDUCATION - FOR HUMAN RESOURCE AND ECONOMIC DEVELOPMENT"

Hocking Technical College, in rural Appalachia Ohio has developed a successful international program with a dual mission. Increasing the number of students at Hocking Technical College to represent 30 countries is a direct intervention strategy to provide students with a cross-cultural/racial environment to broaden their learning experience.

John J. Light, President of Hocking Technical College, Nelsonville, Ohio

CONCURRENT SESSION #4

8:00 - 8:45 a.m.
June 7, 1988

(A) "INTERNATIONAL BUSINESS EDUCATION: PARTNERSHIPS IN CHICAGO"

The inception of an International Small Business Assistance Service (ISBAS), a state-wide international business speakers bureau, courses, internships, workshops, and business education materials will be discussed.

David Sam, Harold Washington College, Chicago, Illinois

(B) "SURVIVAL TECHNIQUES FOR RURAL COMMUNITIES"

Many rural communities are suffering an economic crisis that is based on reduced agricultural income and it threatens main street merchants and service businesses. The author presents a listing of 101 specific organizational, business and economic development strategies that a community, county or region must consider if it hopes to develop a plan for survival.

Frederick H. Rice, Director, Small Business Development Center, Kansas State University

(C) "PROMOTING SELF-EMPLOYMENT AS SOLUTIONS TO LOCAL AND GLOBAL ECONOMIC PROBLEMS"

Economic equity - trade deficit - consumer needs - business failures - single and working parents - work ethic - responsibility - are some of the local and global economic problems that "ICE" is attempting to solve by creating these programs. You will see demonstrated some creative ways we are unifying students or entrepreneurs to learn and work together to solve their own problems. A student, a teacher, a welfare mother and entrepreneurs will present their perspectives of these unique systems - designed by Shirley Willett, Inc.

Shirley Willett, President, Shirley Willett, Inc., Pilot Programs by "Institute for Consortiums of Entrepreneurs"

Students: Deborah Straughter, Elizabeth Ruiz, and Raquel de Fay

CONCURRENT SESSION #5
8:45 - 9:30 a.m.
June 7, 1988

(A) "EXPLORING ENTREPENEURSHIP WITH HIGH SCHOOL TEACHERS"

The Alaska model program for involving teachers in entrepreneurship education includes utilizing a Career Information System, business community members, in-service workshops, and teacher developed curriculum.

Linda VanBallenberghe, Program Administrator for Post-Secondary Adult Training Programs, Juneau, Alaska

(B) "TURNING TALENT INTO DOLLARS IN MASSACHUSETTS"

This workshop will review the development and implementation of the Home-Based Business Master Teacher Project. We will highlight the numerous resources available to assist educators implement home-based business programs.

Connie Bettis, Mary Kelly and Gretchen May, Cooperative Extension, University of Massachusetts

(C) "THE ROLE OF SBA IN ENTREPRENEURIAL EDUCATION AND TRAINING"

The Office of Business Development cosponsors with community-based organizations courses and conferences, prepares informational leaflets and booklets, and encourages research into the management problems of small business concerns. It counsels and conducts workshops and courses for established as well as prospective businesspersons, and enlists through SCORE the volunteer aid of retired and active executives to assist small businesses in overcoming their management problems.

George Solomon, Director, Office of Business Education and Resource Management, U.S. Small Business Administration

Ralph George, Assistant District Director, Small Business Administration, Boston, Massachusetts

Rick Mayronne, Senior Business Developmental Specialist, U.S. Small Business Administration

CONCURRENT SESSION #6
9:30 - 10:15 a.m.
June 7, 1988

(A) "AN APPROACH TO RECTIFYING THE TRADE DEFICIT: THE ANATOMY OF AN INTERNATIONAL TRADE CENTER"

This presentation will review the model at the International Trade Center of Florida Atlantic and Florida International Universities. A program of the Florida Small Business Development Center, the ITC provides support to small businesses seeking to enter the world market. Also to be discussed is the role of student interns in the program, the seminar series, the structure and organization of the ITC and a review of its successes and failures during its first year and a half of operations.

William Musella, Director, FAU/FIU International Trade Center

(B) "SECOND CHANCE ENTREPRENEURIAL TRAINING FOR DISPLACED HOMEMAKERS"

Displaced homemakers, men and women who are single heads of households, learn to run their own home-based service businesses. Curriculum and methods are based on a) addressing the business management learning needs, and b) developing the participant's self-confidence/awareness in relation to becoming an independent businessperson. We expect the learner to complete a business plan and either establish a business or go on for further entrepreneurial training within the 3 month training period.

Margaret Watts, Program Coordinator, Second Chance, Butler County Community College, El Dorado, Kansas

(C) "COMMUNITY COLLEGE APPROACH TO SUPPORTING ECONOMIC DEVELOPMENT"

In the tough and competitive arena of economic development, current accurate local information is the coin that buys success. Evelyn Fine will speak on the funding sources, organizational structure, relationship to the community as well as the college, and ways to start such a program.

Evelyn Fine, Executive Director, Mid-Florida Research & Business Center, Inc., Daytona Beach, Florida

CONCURRENT SESSION #7
10:30 - 11:15 a.m.
June 7, 1988

(A) "EXPLORING ENTREPRENEURSHIP WITH HIGH SCHOOL STUDENTS"

Explore information on teaching entrepreneurship in a high school setting in this session. A display of teaching materials unit bibliography will be available. Information on coordinating an entrepreneurship program with classroom teacher, guidance counselor, and librarian will be discussed.

Gerri Miracle, Home Economics teacher, Beechwood High School, Ft. Mitchell, Kentucky

(B) "INNOVATIVE TECHNIQUES FOR TEACHING ENTREPRENEURSHIP"

The presentor will provide an outline of how to use video tapes of entrepreneurs effectively in teaching.

Wally S. Holmes, Technical and Vocational Studies, University of West Florida, Pensacola, Florida

(C) "ENTREPRENEURSHIP TRAINING FOR DISLOCATED WORKERS"

A program for dislocated workers in Louisiana which provides specialized business training to thirty persons to assist them with comprehensive assessment, instruction, and continuing assistance as a means of increasing their potential success as a small business owner.

Michael Moon, Tom Griffin, Phil Massey, Southeastern University and Louisiana Council on Vocational Education, Hammond, Louisiana

CONCURRENT SESSION #8
11:15 - 12:00 noon
June 7, 1988

(A) "WORK FOR YOURSELF: A CREATIVE OPTION FOR 11-TO-16 YEAR-OLDS"

Learn about an exciting and innovative approach to teaching entrepreneurial skills in your classroom. The Work for Yourself Program provides step-by-step instruction for youth interested in starting their own businesses. A comprehensive manual helps students develop business plans, create promotional material and keep accurate records. An accompanying instructor's manual provides information on how to integrate into existing curriculum. Work for Yourself is an academic program that can lead to summer earnings.

Ann Marie Elacqua, Training Program Coordinator,
Colorado Alliance of Business, Denver, Colorado

(B) "PLANNING FOR ENTREPRENEURSHIP COURSES: A REPORT BY THE COMMONWEALTH ASSOCIATION OF POLYTECHNICS IN AFRICA, (CAPA)."

Most African commonwealth countries are now confronted with mounting unemployment among young graduates from the drastic reduction in the employment capacities of formal sector establishments in these countries brought on by the down turns and structural adjustments in their economies.

Pius O. Igharo, Secretary-General, Commonwealth
Association of Polytechnics in Africa, Nairobi, Kenya

(C) "ENTREPRENEURIAL DEVELOPMENT FOR PUBLIC ASSISTANCE RECIPIENTS: A CASE STUDY"

The program will describe the efforts of a project funded by a demonstration grant from the U.S. Department of Health and Human Services in Allegany County, New York. The project provides training and financial assistance to public assistance recipients attempting to achieve self-sufficiency through self-employment. The project addresses financial, regulatory, skill, and personal barriers to entrepreneurial development for the target population.

David Szczerbacki, Associate Professor, Business
Administration, Alfred University, New York

CONCURRENT SESSION #9
3:00 - 3:45 p.m.
June 7, 1988

(A) "EFFECTIVE ELEMENTS OF A STATEWIDE ENTREPRENEURSHIP EDUCATION STRATEGY"

In a large and diverse state such as New York with 400,000 small businesses and 3.1 million students, broad strategies are needed to bring entrepreneurship education concepts to people of all ages and different levels of experience. Panelists will illustrate how creative energy can be unleashed through a program of increasing awareness, providing for exploration of entrepreneurship as a career option and assisting in the development of skills needed to form, manage and operate a small business.

Nelson Ronsvalle, John Borel, Victor Perun and Peter Cooke, Bureau of Economic Development Coordination, New York State Education Department, Albany, New York

(B) "WHEN THE 'BUSINESSMAN' IS A WOMAN!"
Entrepreneurial Education Responsive to Women's Needs

Presentation of new curriculum materials designed to quickly sensitize instructors to the barriers to women starting and operating businesses, and how to overcome them. Materials include brief explanation of eight barriers, a short case study and study questions. The presentation will cover an explanation of the materials, why and how they were developed, and a discussion of ways to build them into existing curricula.

Peggy Wireman, Director, Small Business Development Center (SBDC), University of Wisconsin-Extension SBDC

Gene Boyer, Founder, Wisconsin Business Women's Coalition, University of Wisconsin-Extension SBDC

(C) "SMALL BUSINESS MANAGEMENT: A FUTURE PROSPECTIVE"

This panel discussion will give Small Business Management some excellent exposure, and it will be very beneficial to those who may consider implementing a Small Business Management program in their states.

Gene Warner, Moderator, Oklahoma State Department of Education

Panel:
Phyllis Baker, Ohio; Neal Cassell, New Mexico; Charles Cone, Minnesota; Tim O'Donnell, Oregon; Don Scheirman, Oklahoma; Terry Stallman, North Dakota

CONCURRENT SESSION #10

3:45 - 4:30 p.m.
June 7, 1988

(A) "INFUSION WITHOUT CONFUSION: THE NEW YORK STATE ENTREPRENEURSHIP EDUCATION CURRICULUM"

The New York State Education Department has made a major commitment to Entrepreneurship Education at the elementary, secondary and continuing education levels. This presentation will focus on the elementary and secondary curricular efforts to enhance Entrepreneurship Education. These curricular efforts are being implemented on a statewide basis, occurring for the most part in the area of occupational education. New York State has taken a leadership position in providing students with information which shows them that one is not limited to working for others or for a large company.

Ernie Whelden, Associate, Occupational Education Program Development, New York State Education Department, Albany, New York

(B) "INTERNATIONAL TRADE DATA SYSTEM"

Florida International University has designed an interactive, user-friendly, computer-based, international trade information system. The system allows entrepreneurs and potential entrepreneurs the opportunity to garner important information about other world markets, trading partners, and products being traded.

J. Kenneth Lipner, Assistant Professor, Department of Economics, Florida International University, Miami, Florida

(C) Continuation of Concurrent Session #9C
"SMALL BUSINESS MANAGEMENT: A FUTURE PROSPECTIVE"

CONCURRENT SESSION #11
8:00 - 8:45 a.m.
June 8, 1988

(A) "ENTREPRENEURSHIP EDUCATION IN KENTUCKY"

The State of Kentucky is very supportive of entrepreneurship as a part of vocational education. This session will feature programs in three local high schools including The Business Magnet Career Program in Louisville, a business education program in the Louisville schools, and an incubator program in rural Carrollton.

Lou Perry, State Department of Education, Frankfort, Kentucky

(B) "WESTERN HIGH ENDORSES ENTREPRENEURSHIP PROGRAM--GOES FOR A SECOND YEAR"

Western High School, Russiaville, Indiana, has successfully completed two years of an entrepreneurship education program and now has clearance to add a second year of instruction to the program. The presentation will highlight the reactions of the first year students, their parents, and community business people. Plans for the second year of the entrepreneurship program will be presented. Both years are year-long two semester efforts with a lot of participation by business people in the community.

William H. Hamilton, Associate Professor, Purdue University

Donald F. Connelly, Vocational Agriculture Instructor, Western High School, Russiaville, Indiana

(C) "DARE TO DREAM - AN INTRODUCTION TO ENTREPRENEURSHIP CURRICULUM DEVELOPMENT & INFUSION"

The development of a student manual as an introduction to entrepreneurship. It can be used as an individual or group activity.

Madrea J. Proctor, University of West Florida, Pensacola, Florida

CONCURRENT SESSION #12
8:45 - 9:30 a.m.
June 8, 1988

(A) "SMALL BUSINESS FAMILIES: CHALLENGES & CHOICES"

A discussion of the curriculum developed to promote adaptive individual and family coping skills in response to life events within the context of small business ownership.

Linda Flies Moffat, Licensed Psychologist, Dakota County Technical Institute, Burnsville, Minnesota

(B) "VENTURES IN BUSINESS OWNERSHIP: A PILOT PROGRAM FOR SINGLE PARENTS AND HOMEMAKERS"

An Ohio pilot project targeted for single parents and homemakers will be discussed. The experiences of using women business owners as instructors and role models will be shared.

M. Catherine Ashmore, Entrepreneurship Program Director, National Center for Research in Vocational Education, Columbus, Ohio

(C) "CAPTIVATING THE GREY TO CAPTURE THE GREEN"

Explore the benefits of using the elderly as small business employees. Find out how the elderly worker can open new markets and cut personnel costs at the same time.

Millicent Lownes, Director, Tennessee Small Business Development Center--Nashville Office, Tennessee State University

CONCURRENT SESSION #13
9:30 - 10:15 a.m.
June 8, 1988

(A) "YOUTH BUSINESS INITIATIVE--BRITISH MODEL REPLICATED"

Youth Business Initiative (YBI) is a new youth entrepreneurship venture of Jobs for Youth-Boston. It provides business training, capital and technical assistance to young adults who want to start their own businesses.

Charles Tarver, Youth Business Initiative, Boston, Massachusetts

(B) "THE MYTHS OF ENTREPRENEURSHIP AND SMALL BUSINESS: FUNDING AND TRAINING"

This session will explore the myths currently associated with the entrepreneur as a small business owner. Also covered will be a New York State approach to funding small business training and a description of a very successful training program at Niagara County Community College.

Jerry Wolfgang, W. Gary McGuire, Eugene C. Zinni, Niagara County Community College

(C) "NEEDED: A STATE AND A NATIONAL POLICY FOR ENTREPRENEURSHIP EDUCATION"

The owners of America's small businesses are learning that they must participate more in formulation of government policies and make their views known. This will not only benefit small business, but the students addressed in the Lifelong Learning Model for Entrepreneurship Education, which has served as a guide for designing and implementing entrepreneurship throughout the United States.

E. Edward Harris, Professor of Marketing and Entrepreneurial Education, Northern Illinois University, DeKalb, Illinois

CONCURRENT SESSION #14
10:30 - 11:15 a.m.
June 8, 1988

(A) "CAN I AND SHOULD I BE AN ENTREPRENEUR?"

The characteristics of the American socio-economic environment are reviewed. The critical elements are identified that provide for unique opportunities for success in the entrepreneurial area.

George E. Nomikos, Chairman, Department of Business Administration and Education, St. Paul's College, Lawrenceville, Virginia

(B) "UPDATING ENTREPRENEURIAL EDUCATION LINKAGES IN FLORIDA"

Entrepreneurial programs are gaining more recognition and status in vocational and academic programs in high schools, vocational/technical schools, and universities. This session will highlight some of the new educational linkages currently underway in Florida.

John R. Kerr, Executive Director, Small Business Development Center, Florida State University

Gil Nelson, Coordinator Vocational Education, Leon County Schools, Tallhassee, Florida

(C) "UNIVERSITIES, PRIVATE SECTOR PARTNERSHIPS, AND/OR FOR PROFIT PROGRAMS"

A systematic analysis of the cultural differences and challenges in developing and managing entrepreneurship programs for world markets.

Salah Hassan, Skidmore College, Saratoga Springs, New York

CONCURRENT SESSION #15
11:15 - 12:00 noon
June 8, 1988

(A) "CREATING JOBS IN WEST VIRGINIA"

Details the efforts underway in rural West Virginia to train young entrepreneurs. Included is a semester course, an "infusion" product, and the school-based enterprise program.

Gene Coulson, Supervisor, Marketing Education and Entrepreneurship, West Virginia Department of Education, Charleston, West Virginia

(B) "RURAL ENTREPRENEURSHIP: NEW APPLICATION OF THE AMERICAN DREAM"

A pilot program was developed in entrepreneurship training for displaced workers in rural Missouri, and the results are encouraging. Instructional methodology included:

7 - TV broadcasts featuring interviews with local entrepreneurs, panel discussions, etc.

Follow-up workshops, emphasizing practical applications

Small group consulting on individual business plans

Randee Brady, Coordinator of Small Business Development, Central Missouri State University

Richard Foster, Director, Center for Technology & Small Business Development, Central Missouri State University

(C) "HATCHING A BUSINESS: INCUBATORS AND STATE OFFICE PARTNERSHIPS"

The story of small business incubators throughout the VTAE (Vocational, Technical and Adult Education System) is presented.

David Hague, State Department of Vocational, Technical, and Adult Education, Madison, Wisconsin

"BROWN BAG" FILM FESTIVAL

This segment of the **FORUM** program is designed as an informal opportunity for participants to raise their aesthetic appreciation of several fine video resources in entrepreneurship education.

"BAGGERS" will sample visual and substantive delights from six video cassette masterpieces:

"I CAN DO IT!" THE AMERICAN ENTREPRENEUR SERIES. A series of three, 20-minute presentations focusing on a particular attribute of the aspiring entrepreneur as told through the individual stories of three successful business owners. Topics discussed include: motivation; overcoming fears; and making it great. Available through Direct Cinema Limited, P.O. Box 69589, Los Angeles, CA 90069; (213)656-4700.

OPEN FOR BUSINESS. An educational television series of six, 30-minute programs for persons considering entrepreneurship as a career choice. Topics discussed include: personal assessment; types of ownership; market analysis; business planning; financial management; and business management. Available through Maryland Instructional Television, Maryland State Department of Education, 11767 Bonita Avenue, Owings Mills, MD 21117.

THE BUSINESS DISC. A preview tape of the interactive, laser disc instructional package called THE BUSINESS DISC. The instruction on how to start and run a small business comes in two parts -- a planning phase, in which experts help the user determine start-up requirements; and a simulated first year of business phase, in which "what-if" scenarios are played out. Available through MITEC, 11767 Bonita Ave., Owings Mills, MD 21117; (301)337-4117.

THE FEDERAL EXPRESS STORY. A 20-minute presentation commemorating the 10-year anniversary of Federal Express. It is the humorous retelling of the start-up pains of this major corporation. The tape was produced by Federal Express and is generally difficult to obtain - - we can help.

VOCATIONAL EDUCATION: WHERE ENTREPRENEURSHIP BEGINS. A 10-minute presentation on entrepreneurship education at Portage Lakes Joint Vocational School in Greensburg, Ohio. This tape was produced by a local television station for Portage Lakes JVS with funding support from a statewide challenge grant program operated by the Division of Vocational and Career Education. Available through Portage Lakes JVS, P.O. Box 248 4401 Shriver, Greensburg, Ohio 44232; (216)896-3757.

THE NEW VENTURE PROGRAM. A three-part, 60-minute presentation of an entrepreneurship instruction, counselling and assistance program developed by the National Center. Originally delivered as part of a pilot, displaced worker effort in Ohio, the NVP continues to enjoy successful replication efforts nationwide. The three parts include: a television interview with the project director; personal observations by the instructor; and presentations by client participants. Available through National Center for Research in Vocational Education, Ohio State University, 1960 Kenny Road, Columbus, Ohio, 43210; (614)486-3655.

Samplings of these tapes will follow this approximate schedule:

MACHINE A -- Ten-minute excerpts from each of the tapes starting with the **"I CAN DO IT!"** series, followed by the **OPEN FOR BUSINESS** series.

MACHINE B -- Fifteen-minute excerpts from each of the remaining titles:
BUSINESS DISC
FEDERAL EXPRESS STORY
VOCATIONAL EDUCATION: ...
NEW VENTURE PROGRAM

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SEVENTY-ONE TRENDS THAT MAY AFFECT ENTREPRENEUR EDUCATION FOR FUTURE WORLD MARKETS

JUNE 8, 1988

Presented to: Sixth Annual National Enrepreneurship
Education Forum: Preparing for World Markets
Boston, Massachusetts

Presented by: Marvin Cetron

SEVENTY-ONE TRENDS THAT MAY AFFECT ENTREPRENEUR EDUCATION FOR FUTURE WORLD MARKETS

General Long-Term Societal Trends

1. Economic prosperity—affluence, low interest rates, low inflation rate

- Per capita personal income increased 1.4% annually (1973-83); projected to average 1.8% annually (1983-2000).
- Part of society's affluence rests on credit card use or overuse; extension of excessive credit could result in government-imposed limitations.
- Intolerable high in 1981 has resulted in "managed" (by the Federal Reserve Board) low interest rates.
- Intolerable high in 1980 has resulted in monetary policies which tend to assure low inflation rates.
- FRB monetary policies instituted by Volker will be continued by Greenspan to keep interest and inflation rates in check.
- There may be a recession in 1990, but this will only be a perturbation. Our long-range forecast for the economy is good.

2. Rise of knowledge industries and a knowledge-dependent society

- About half of all service workers (44% of labor force by 2000) will be involved in collecting, analyzing, synthesizing, structuring, storing, or retrieving information as a basis of knowledge.
- Half of these people will be working at home.
- By 1995, 80 percent of all management will be knowledge workers.
- There will continue to be vast opportunities within the computer industry for developers of hardware and software.
- Expert Systems will issue reports and recommend actions on data gathered electronically without human intervention.
- Investment in expert systems and related technologies should top $1.3 billion this year—three times the amount in 1985.
- Industries that will benefit from their uses: insurance, investments and banking; manufacturing and process control; equipment diagnosis and quality control.

- By 2001, nearly all college textbooks and many high school and junior high books will come with computer disks to aid in learning.
- Computers will provide access to all the card catalogs of all the libraries in the world by the late 1990s. Millions of volumes can be called up on a PC screen from distant libraries. Videodiscs will enhance books by providing visual and audio information and even recordings of smells, feels, and tastes.
- Many encyclopedic works, large reference volumes, and heavily illustrated manuals will be more economical to produce and sell through electronic packaging. Videodisc will fill this need.

3. **Fewer very poor and very wealthy in our society**
   - Number of households 1970-1985:
     - Annual income under $5,000 (8.4-6.6% of total) *increased* 25% in 85$
     - Annual income over $50,000 (11.1-14.8% of total) *increased* 82% in 85$.
   - Number of families 1970-1985:
     - Annual income under $5,000 (3.3-5.2% of total) *increased* 54% in 85$
     - Annual income over $50,000 (13.0-18.3% of total) *increased* 71% in 85$.

   But the new tax law will tend to reverse these trends:
   - Fewer loopholes (such as the oil depletion allowance, accelerated depreciation allowances, alternate taxes for bond income) mean the wealthy will pay more tax.
   - The burden for poorer taxpayers will be eased.

4. **Urbanization and suburbanization of rural land**
   - Land in farms has decreased steadily since 1959 (1% per year, 1975-1985).
   - Greatest development in suburbs (rather than cities): land is cheaper and road systems provide good accessibility.

5. **Rise of the middle class society**
   - Fewer very poor/very rich (see #4 above).
   - Middle three-fifths of families have received 52-54% of income since 1950.

6. **Cultural homogenization—the growth of a national society**
   - What we see and hear is a leavening influence—we see the same movies and TV programs.

- Schools teach essentially the same thing across the country.
- Intermarriages tend to mix cultures geographically, ethnically, etc.
- More travel—better roads (especially the Interstate system) and accommodations, more leisure time, greater affluence. (4% per year [1981-85] increase in common carrier passenger miles, all modes).

7. Growth of permanent military establishment

- 1.4M-3.6M active duty military personnel since WW2.
- Smart weapons may tend to reduce military personnel requirements.
- Compulsory national service (2-years, male and female) is likely by 2000 with 3 options: military service, VISTA-type (work with disadvantaged), or Peace Corps.

8. Mobility, a) personal, b) physical, c) occupational, d) job

- 41.7% of population moved in period 1980-1985.
- Dual-career families, perhaps working in different cities, affect personal mobility.
- Transportation systems are available and accessible to all.
- Occupational mobility occurs as people increasingly retrain for new careers.
- Job mobility, i.e., changing location or firm but doing the same work, will increase.
- Movement of jobs to sunbelt states, right-to-work states, or near water.

9. International affairs and national security as a major societal factor

- More international travel for business and pleasure.
- More foreign student exchange programs/participation.
- More East-West observation/verification activity, e.g., NATO observers at Warsaw Pact war games, and vice versa; at missile bases and manufacturing facilities.
- More East-West cultural exchanges.
- More East-West television and radio satellite hook-ups.
- Growing influence of regional political and economic arrangements (such as EEC, OAS, ComEcon).

10. The centrality and increasing dominance of technology in the economy and society

- High technological turnover rate (See #16).
- Many technological advances (eg, the computer, robotics, CAD/CAM) directly affect the way people live and work.
- By 2001, Artificial Intelligence will be in almost universal use among companies and government agencies to help assimilate data and solve problems beyond the computer's range. AI's uses: robotics, vision and speech recognition, EDP, health and human services, administration and airline pilot assistance.
- By year 2001, expert systems are in universal use in manufacturing, energy prospecting, automotive diagnostics, medicine, insurance underwriting, and law enforcement.
- Superconductors operating at room temperature will be in commercial use by 2001 as supercomputers the size of three-pound coffee cans, electric motors 75 percent smaller and lighter than those today, practical hydrogen-fusion power plants, electrical storage facilities with no heat loss, analyzers that can chart the interaction of brain cells, and 200 mph trains that float on magnetic cushions.
- "Wireless hook-up" will simplify relocation of personnel, minimize delays in accomplishing new installations, and add to the ability of terminal equipment to travel with the individual by not forcing the user to travel to the terminal.
- There will be much growth in the engineering, technology, and health industries; many new biotechnology jobs will open up.

11. Integration of the national economy

- Gramm-Rudman-Hollings is forcing tradeoffs to be made across programs, e.g., a space shuttle vs. Food Stamps vs. aid to education.
- Under a new administration, there will be defense vs. social programs tradeoffs.

12. Integration of the national with the international economy

- 39% of parts used in manufacturing in U.S. are from a different country of origin; 37% of parts used by IBM are imported.
- Not limited to U.S.–Japan must sell internationally to offset energy and scarce resource imports.
- Nationalistic self-interest will continue to yield to international trade cooperation. Both developing and developed countries will

focus less on dominating economic competitors and, instead, will put efforts into liberalizing trade cooperation.

- Today $400 worth of health care is built into every Chrysler; $200 for every Japanese car; and $100 for every Korean car.

13. Growth of international economy

- Witness interactions among world's stock exchanges.
- The quality of products and services will be increasingly be emphasized.

14. The growth of research and development as a factor in economy

- R&D outlays, as percent of GNP (1982$), has varied narrowly (2.1-2.8%) since 1960 and has been rising steadily since 1978.
- R&D outlays are growing most rapidly in the electronics, aerospace, pharmaceuticals, and chemical industries.

15. High technological turnover rate

- Time interval (invention→innovation→imitation) is steadily decreasing; successful products must be marketed quickly.
- New production technologies will continue to be rapidly adopted.

16. The development of mass media in telecommunications and printing

- Telecommunications removes geographic barriers; satellite-transmitted data can be set into a computer in a place like the Caribbean by two people at 50¢/hour and transmitted back for less than $1.50—compared to having one person set the data here at $5.00/hour, minimum.
- *USA Today*, relying on satellite communications, is printed simultaneously at multiple sites every day.
- Currently, 57% of homes have cable TV; will reach 87% by 1992.
- Magazines in the year 2001 will be on floppy disks which allow the "reader" to interact, play with, and manipulate the information after inserting the disks into their PC.
- Mass media will be more personalized as consumers use pay-for-view television to select movies and entertainment. Viewers will download their choices from a teledelivery service, paying for the program when they see it.
- Racing fans will watch races and make bets from their homes via cable TV, placing their bets through handheld portable betting terminals connected to the track's on-line computer network.

Winnings will be automatically credited to the bettors' bank account; losers' bank accounts will be debited

- By 2001, new network architectures, operating synergistically with intelligence in terminal systems, will form the foundation on which an almost limitless variety of telecommunication services will be built. This will require adoption of technically sound standards for the interfaces between users and the network, as well as among network elements.
- Nearly unlimited bandwidth of fiber optics, coupled with evolving new network standards, and the ability to use software-defined networks, will result in new network topologies for transmission and distribution of networks. Improved linewidth lasers or dispersion-shifted fibers, multi-gigabit systems, coherent detection systems, LEDs for single-mode fibers, and integrated optical circuits will be in widespread use.

17. Major medical advances

- $100B in genetic engineering by 2000:
  - + Artificial blood
  - + Human growth hormones
  - + Memory-recall drugs
  - + Newborns with particular disease immunities.
- Medical advances have given us: artificial blood, limbs (feet, hands, arms, legs), hearts, spleens, lungs, and skin.
- Technology makes possible organ transplants, artificial organs, genetic engineering, etc., but raises ethical/moral issues: surrogate motherhood, how to equitably distribute capabilities, when to terminate extraordinary life support efforts.
- New computer-based diagnostic tools will be providing doctors with unsurpassed cross-section images of soft and hard tissues inside the body, thus eliminating much exploratory surgery.
- "Bloodless surgery," using advanced lasers will decrease patient trauma, decrease the length of hospital stays, and help lower medical costs.
- Brain cell and tissue transplants will be in the experimental phase by 2001 to aid victims of retardation and head trauma. Heart repairs will be done using muscles from other parts of the body. Transplanted animal organs will find their way into common use in humans. Laboratory-grown bone, muscle and blood cells will be used in transplants.
- Pacemakers will be made with shocks built in (like the paddles in the emergency room).

- More and better bionic limbs and hearts, drugs that prevent disease and not merely treat symptoms, body monitors that warn when trouble is brewing.
- 83% of doctors will be salaried by the year 2000.
- 53% of drugs prescribed will be generic by the year 2000.
- See also #49 and #50.

Educational Trends

18. Expanding education and training throughout society

- All Democratic candidates, and the front-running Republican candidate, advocate greater Federal spending for education.
- Needed: an annual $5 billion increase in federal spending for programs such as Head Start preschool program, federal aid for disadvantaged children, Job Corps and Job Training Partnership Act.
- Half-life of an engineer's knowledge today is 5 years; in 10 years 90% of what he knows will be on the computer.
- Eighty-five percent of the information on National Institutes of Health computers is upgraded in 5 years.
- Rapidly changing job market along with the changing requirements of new technologies will necessitate increased training across the board.
- Because of fundamental changes in the economy, there will be fewer and fewer well-paying jobs not requiring advanced training.
- Close to six million jobs will open up in the next decade in the highly skilled occupations—executive, professional, and technical.
- Up to 4 percent of the labor force will be in job retraining programs by the 1990s to upgrade skills and knowledge to keep pace with changing technologies and changing demands of the workplace.
- Schools will train both children and adults around the clock: the academic day will be lengthened to seven hours for children; adults will be working a 32-hour workweek and preparing for their next job in the remaining hours.
- State, local, and private agencies could play a greater role in training by offering internships, apprenticeships, pre-employment training, and adult education.
- Growth in professional alliances between high school and college faculty.

19. New technologies will greatly facilitate this process

- Job simulation stations–modules that combine computers, videodiscs, and instrumentation to duplicate job-work environments will be used in training.
- Telecommunications coursework with another school district, state, or county open up new vistas in education.
- Education becomes more individualized as new medias (interactive computer/videodisc) permit students to learn according to their needs and abilities.
- Personal computers with ultra-high resolution screens, 3-D graphics, high-level interactivity and artificial intelligence will enhance gaming and simulations used in education and training.

20. Greater role of business in training and education

- More businesses will be involved in schools, job-training programs, and community source programs.
- The investment by corporations in employee education and re-training, now some $80 billion a year, will double by 2001.
- The Job Training Partnership Act ($4.5B/year) allows greater communication between those who need jobs and those who need workers by calling on private business to help direct the training of unemployed workers.
- Most new jobs are generated by small businesses which cannot afford to pay for training; one-half of all funding for formal training comes from 200-300 large companies in business and industry.

21. Education costs will continue to rise

- Heavy pressure to control costs will emerge.
- Two-year colleges and associate degrees will grow.
- Loans rather than grants will constitute the main source of student financial aid.

22. Educational institutions will be more concerned with ways to assess outcomes and effectiveness of educational programs

- Faculty will support efforts to assess their classroom performance and effectiveness.
- Academic departments will support assessment of their academic programs' results and effectiveness.
- Greater emphasis will be placed by the public and the legislatures on the outcomes of public education.

23. Improved pedagogy—the science of learning—will revolutionize learning.

- Institutions will increasingly apply the growing knowledge about individual cognition to educational situations.
- The learning environment will not be as important in the future—individual will learn more on their own, the "places" of learning will be more dispersed, and the age at which things are learned will depend on the individual not tradition.
- Computer-supported approaches to learning will improve both techniques and allow a greater amount of material to be learned.
- The ultimate consequence may be a one-sixth reduction in learning time overall.
- Despite the new technologies and new approaches to learning, many students will still suffer from learning deficiencies.
- Alternative testing approaches will be widely used for learning feedback.

24. Universities will stress development of the whole student and how the university's total environment impacts that development

- Faculty will receive greater support from the administration for class-related activities.
- Individual students will receive more support from faculty and advisors with decisions about academic programs and career paths.

25. Reduction in size of higher education institutions

- Private commercial ventures will establish themselves as the proprieters of large electronic databases, eventually replacing the university library.
- Students will adopt the scholarship mode of learning, learning by consulting books, journals, etc., as professors and Ph.D. candidates do today.
- College and university instructors will find employment at secondary schools, in business-based education programs, and producing educational electronic software.
- More and more businesses are conducting research.

Trends in Labor Force and Work

26. Specialization

- Within professions (medical, legal, engineering, etc.) the body of knowledge which must be mastered to excel in a particular area precludes excellence across all areas.

- The same principle applies to artisans, too—auto mechanics, house builders.
- The information-based organization is dependent upon its teams of task-focused specialists.
- Globalization of the economy calls forth more independent specialists: for hundreds of special tasks, corporations will turn to consultants and independent contractors who will specialize more and more highly as markets globalize and technologies differentiate.

27. Growth of service sector

- As percent of labor force, shows steady growth: 1970-66.3%, 1980-70.7%, 1984-72.2%, 1990-73.5%, 1995-74.4%. These are Bureau of Labor Statistics projections; we think the figure will be about 88% by 2000.
- Service jobs have replaced the many well-paying jobs lost in manufacturing, transportation, and agriculture. Low-paying and often part-time, these jobs pay wages at half the level of manufacturing jobs.
- Approximately one million new jobs will be created in the less skilled and laborer categories in the next decade.

28. Further decline of agricultural and manufacturing sectors

- 1.7 million manufacturing jobs disappeared between 1979 and 1985.
- As percent of labor force, growth/extraction industries (agriculture & mining) show slow decline: 1970-4.6%, 1980-3.5%, 1984-3.7%, 1990-3.3%, 1995-3.0%.
- As percent of labor force, fabrication industries (construction & manufacturing) show: 1970-29.1%, 1980-25.8%, 1984-24.0%, 1990-23.2%, 1995-22.6%.
- These are BLS projections; we think the figures for manufacturing are too high—more like 9% by 2000.
- By 2001, percent of labor force in manufacturing will be 9.7 percent, down from 18 percent in 1987. However, productivity will have increased 500 percent in those industries which have become more automated, added robotics, and remained flexible in their production.

29. Growth of information industries, movement toward an information society

- (This is an outgrowth of #2).
- By the year 2000, we predict that 88 percent of the labor force will be working in the service sector. Of that 88 percent, 44 percent will be working in the information industry, 22 percent of which will be working at home.
- Information is the primary commodity in more and more industries today.
- Computer competence will approach 100 percent in U.S. urban areas by the year 2000.
- Seventy percent of U.S. homes will have computers in 2001, compared with 18 percent now; more than three-fourths will be equipped to permit communication with the public switched network.
- Computers in the home mean that we will have vast new powers over information and services. These include: education, work, health care, shopping, banking and finance, reservations, etc.
- Interactive cable television means a need for electronic newspapers, electronic shopping, and electronic banking at home.
- Personal computers will be used for voting, filing income tax returns, applying for auto license plates, and taking tests such as college entrance exams and professional accreditations.
- Five of the ten fastest growing careers between now and 2001 will be computer-related, with the demand for programmers and systems analysts growing by 70 percent.
- Users will be able to access terminal devices far simpler than today's as local cubic arrays of co-processors in homes and offices access function-specific subnets via fiber-based fast-packet-switched channels.
- ISDN will change the economics of data transmission and acquisition by allowing data to be transmitted in its digital form without the expense of signal processing done by modems, and by allowing data to share telecommunication facilities in a way that builds on the voice base from the points of view of resource use (switching and transmission) and operational expense.
- Cubic-architectured local nodes sending and receiving fast packets over fiber loops in ISDN-like formats will serve as a steersman for multiple expert systems, providing medical advice in advance of likely illnesses, execution of financial transactions proactively, travel and entertainment options before reservation limits are exceeded, and all forms of education, as well as basic voice and data communication. In short, telecommunication will become

infinitely more transparent as the metaphor bridging technologies becomes more natural.

- Major change ISDN will have by 2001 is to bring data capability to the relatively small user. ISDN will provide access to data bases (real estate listings, inventory, and financial information) at much less cost and over much greater distances.
- High technology industries are being encouraged in many states' economic development plans, yet in reality these industries account for only 4-5% of the new jobs created annually. However, new jobs are opening up in businesses that use computers and other high technology equipment.

30. More women enter the labor force

- Drivers: increasing volume of work can be done at home, expanding child-care facilities/services, and the economic need to have income from both spouses.
- Female labor force as percent of female population: 1950-31.4%, 1960-34.8%, 1970-42.6%, 1980-51.1%, 1986-54.7%.
- Expect new demands for child care as approximately 63% of new entrants into the labor force between 1985 and 2000 are women.
- Businesses will seek to fill labor shortages with stay-at-home mothers by offering child-care programs and job sharing.

31. Women's salaries comparable to men's

- Women's salaries as percent of men's: 1960-61%, 1979-62%, 1980-64%, 1983-67%, 1984-68%, 1985-68%, 1986-70%.
- We think this figure will be 85% or more by 2000.
- Historically, women's salaries in California and north of the Mason-Dixon Line have been higher (currently, 87% of men's); south of the Line they have been lower (currently, only 55%).

32. More blacks and other minority groups entering the labor force

- Black workers as percent of civilian labor force: 1970-11.1%, 1975-9.9%, 1980-10.2%, 1984-10.6%, 1985-10.7%, 1990-11.1%, 1995-11.5%.
- Hispanic workers as percent of civilian labor force: 1980-5.7%, 1981-6.0%, 1982-6.1%, 1983-6.3%, 1984-6.6%, 1985-6.7%.
- Minorities account for 40 percent of AIDS cases, yet minorities constitute only 16 percent of the US population.

33. Later retirement

- Life expectancy is increasing.

- Retirement age of 70 by 2000.
- Military retirement age will be extended.
- Civil Service retirement plan will be converted to Social Security.

34. Decline of unionization

- Union membership as percent of employed wage & salary workers: 1975-28.9%, 1980-23.2%, 1982-21.9%, 1983-20.1%, 1984-18.8%, 1985-18.0%.
- UAW projections: 14% by 1990, less than 10% by 2000.
- Continual shift in jobs toward no-union states or right-to-work states.

35. Growth of pensions and pension funds

- Private pension and government retirement funds as percent of total institutional assets: 1970-4.2%, 1975-4.8%, 1980-5.6%, 1985-6.3% (2.7% average annual increase over 1970-1985 period).
- There will be more people in the labor force for a longer period.

36. Movement toward second and third careers and midlife changes in career

- Career changes every 10 years, average.
- Lack of commitment to the job is illustrated by the results of a recent Louis Harris poll: only 39% of workers say they intend to hold the same job 5 years from now that they hold now; 31% say they plan to leave their current work; 29% don't know (see #38 below).

37. Decline of the work ethic

- Tardiness is increasing.
- Sick leave abuse is common.
- SAT scores have dropped.
- Job security and high pay are not the motivators they once more because there is a high degree of social mobility and people seek job fulfillment (48% of those polled say they work because it "gives feeling of real accomplishment").
- Fifty-five percent of the top executives interviewed in a recent Louis Harris poll say that erosion of the work ethic will have a major negative effect on corporate performance in the future.
- Yet, two-thirds of Americans would like to see an increase in the length of the work week rather than shorter hours.

38. More two-income couples

- Two-earners as percent of all married couples: 1960-28.5%, 1970-37.7%, 1980-46.2%, 1985-49.0%, 1990-52.0%, 1995-54.6%, 2000-56.6%.

39. Shortage of labor, low wage-rate workers

- The decline in the birthrate in the 1960s and early 1970s means a smaller number of young people entering the job market today. The number of jobs is increasing, creating entry-level labor shortages expected to increase in the 1990s, especially in the service sector.
- This may translate to more entry-level job opportunities for high school graduates as companies train them on-the-job.
- Institutions of higher education, business, and the military will all vie for youths 16- to 24-years old as they shrink from 30% of the labor force in 1985 to 16% in the year 2000.
- The military (Army and Navy) has seen the education levels of recruits drop as competition from the private sector intensifies.
- Untapped resources include: the retarded and handicapped and stay-at-home mothers. Businesses will also increase automation and seek to attract more foreign workers.
- Restaurants may turn to more self-serve items. Hotels, restaurants, fast-food places, convenience stores, retailers, and businesses needing beginning computer and clerical skills will be especially hard hit by this labor shortage.

Management Trends

40. More entrepreneurs

- Number of self-employed people in US increased 24% from 1974 to 1984 and is growing at four times the rate of salaried workers.
- Between 1950 and 1970, the number of new business incorporations jumped from under 100,000 to over 300,000 annually; in 1984 the number of new business start-ups hit a record 600,400.
- More and more mid-career professionals will become entrepreneurs as they are squeezed out of the narrowing pyramid in large companies. This is because in 2001 only one person for every 50 will be promoted whereas in 1987 it was one person for every 20.
- During the decade from 1970 to 1980 small businesses started by entrepreneurs accounted for most of the 20 million new jobs created.

- By the year 2000, 85% of the labor force will be working for a firm with less than 200 people.

41. They typical large business will be information-based, composed of specialists who guide themselves based on information from colleagues, customers, and headquarters.

- Decision processes, management structure, and modes of work are being tranformed as businesses take the first steps from using data to using information (data that has been analyzed and diagnosed).
- The advent of data-processing capacity has allowed this transformation of data to information.
- Information-based organizations require more specialists who will be found in operations, not at corporate headquarters
- Upper management will clearly state performance expectations for the organization, its parts, and its specialists and supply the feedback necessary to determine if results have met expectations.

42. Typical large business in 2010 will have less than half the levels of management of the typical large business today and about one-third the number of managers

- Middle management will all but disappear as information flows directly up to higher management for analysis.
- Computers and information management systems enable the span of control to increase from 6 to 21; fewer mid-level managers needed.
- With major firms "trimming the fat," the pyramid will be flattened, with the specialists on the bottom.
- Opportunities for advancement will be few because the opportunities will come within the narrow specialty.
- Process of finding top managers will be extremely difficult.
- As the information-based organization replaces the typical business of today, there will be a greater need to prepare professional specialists to be business executives and business leaders in these organizations.
- Thus, the values and compensation structure of business will have to change radically.

43. The command-and-control model of management will be a relic of the past as the information-based organization becomes the norm

- Manual and clerical workers are being replaced with knowledge workers.
- Information technology is the driving force.

- Expect changes in management styles toward more participation by workers on a consultative basis.

44. The actual work will be done by task-focused teams of specialists

- The traditional department will assign the specialists, set the standards, and serve as the center for training.
- Research, development, manufacturing, and marketing specialists will work together as a team on all stages of product development rather than keeping each stage separate and distinct.

Trends in Values and Concerns

45. General shift in societal values

- Family ethic→"we" ethic→"me" ethic.
- Shorter work week is coming (Sweden is now at 36 hours, West Germany 37, headed for 35 hours).
- Promiscuity used to be inhibited by fears of "conception, infection, detection;" infection (eg, herpes, AIDS) still stands, but the others have fallen, especially the social stigma associated with "detection."
- We used to live to work; now we work to live.

46. Diversity as a growing, explicit value

- The old idea was to conform, blend in with the group; this is giving way, especially among minorities, to pride in cultural heritage and a general acceptance of differences in all aspects of society. The interest and acclaim which Alex Haley's *Roots* generated is an example. Sexual preference is another.

47. Increasing aspirations and expectations of success

- Continued high emphasis on economic success.
- Growing numbers of entrepreneurs (See #53).
- We predict that 85 percent of the labor force will be working for a firm of less than 200 people by the year 2000.
- Aspirations are there but the means may not be; only 25% of high school graduates graduate from college.
- Without higher education, expectations may never be met: in 1986, male high school graduates not enrolling in college were earning an average of 28% less in constant dollars than a comparable group in 1973.
- There are, in addition, more young people who report no earnings, up from 7% of all 20- to 24-year-old men in 1973 to 12% in 1984.

48. Growth of tourism, vacationing, and travel (especially international)

- More leisure time available (See #44).
- More disposable income, especially from 2-earner families.
- Number of US travelers to foreign countries increased at 5% per year rate (1981-1985).
- Number of international travelers in/out of US increased at 1.3% per year rate (1981-1985).
- International currency exchange rates directly affect travel; now that the dollar has fallen, we can expect more foreign visitors.
- By 2001, air travel for both business and pleasure will be twice the 1985 rate.
- Tourism will be spurred as printed brochures yield to video as a source of information about vacation destinations. Programs include current, detailed information on accommodations, climate, culture, currency, language, immunization and passport requirements.
- One of every ten people in the United States will be working for the hospitality industry by the year 2000.

49. General expectations of high level of medical care

- Catastrophic health care insurance plans will be approved by 1990.
- By 2000, 85% of doctors will be salaried.
- There will be more nurses available for community-based health care; salaries for nurses will rise.
- Physician assistants will be able to prescribe drugs in 38 states by 2000 (17 states grant this authority now).
- Medical costs will rise more slowly by 2000:
  - + Drug costs will decrease; 53% of drugs will be generic
  - + 17 states will authorize druggists to prescribe drugs (only one state [Florida] grants this authority now).
- More local medical outlets (surgi-centers, Doc-in-the-Boxes, etc) will make high quality medical services available at the local level.
- There will be surplus of 100,000 physicians by 2001. The result: doctors will pay closer attention to individual patient care, office hours will be extended to evenings and weekends. Families will receive much additional medical information via home communication centers. Prescriptions will be written, transmitted, and filled via computer.
- By 1990 organizations such as Allied Respiratory Care in Miami, FL, and similar organizations in New York, Pennsylvania, and Ohio

will care for over half of AIDS patients at home and others in special AIDS wings in hospitals.

50. Growth of physical culture and personal health movements

- Emphasis on preventive medicine will grow. By 2001, some 90 percent of insurance carriers will expand coverage or reduce premiums for policyholders with healthy lifestyles.
- Personal wellness, prevention, and self-help will be the watchwords for a more health-conscious population. Interest in participant sports, exercise equipment, home gyms and employee fitness programs will create mini-boom industries.
- Sixty-six percent of those polled in a recent Harris poll claimed to have changed their eating habits in the past two years. Americans today eat lighter fare than in 1976, consuming 15 pounds more chicken, a pound more fish, and 22 more gallons of low-fat milk per capita.
- Consumer purchases show a per capita decline in liquor consumption, from two gallons in 1979, to 1.8 gallons in 1984. There was a noticeable shift away from hard liquors to wines, beers, and bubbly waters.
- General trend towards non-smoking: currently 35 percent of men smoke, down from 52 percent two decades ago; 29 percent of women smoke, down from a 34 percent peak.
- There are many more magazines on health care and fitness than in the past.
- People will be more inclined to take steps to control stress as they realize that 80-90 percent of all diseases are stress-related.

51. General expectations of high level of social service

- Adequate Social Security income if retirement age goes to 70.
- More services/accommodation for the deaf, blind, disabled, poor, infirm, and aged.
- $50B by 2000 for AIDS research and treatment.
- Every taxpayer will be paying $500 a year to care for AIDS patients in the year 2000.
- More psychiatric help—for alcohol, drug abuse.

52. Growth of consumerism

- More consumer agencies and organizations.
- Consumer information (eg, unit pricing, content labels, etc) will proliferate via packaging, TV, special studies/reports.

- With a wealth of information, consumers will be able to become smarter buyers.

53. Growth of women's liberation movement

- "Good old girl" networks will become increasingly effective as women fill more positions in middle and upper management.
- The infrastructure is evolving which allows women to make more decisions and to exercise political power, especially where both spouses work. The effect will be:
    - + more child-care services
    - + greater employment opportunities
    - + more equal male-female pay rates (but we don't think the 'comparable worth' concept has a future).
- One indication of the growing dependence on the wife's income: life insurance companies are selling more policies to women than to men.

Family Trends

54. Decline in birth rates

- Birth rate per 1000 population: 1950-24.1, 1960-23.7, 1970-18.4, 1980-15.9, 1985-15.7, 1990-15.4, 1995-14.0, 2000-13.0.

55. Increase in rates of family formation and marriage

- Marriage rate per 1000 unmarried women, 15-44 years old: 1970-140.2, 1975-118.5, 1980-102.6, 1983-99.3, 1984-99.0.
- Fear of AIDS may be turning this decline into an increase.

56. Decrease in number of divorces

- Rate per 1000 married women, age 15 and over: 1970-14.9, 1975-20.3, 1980-22.6, 1983-21.3, 1985-21.7.
- Fear of AIDS may cause a further decline.

57. Growth of leisure

- Automation and computer applications in manufacturing (specifically CAD/CAM and CIM) will result in a shorter average work week.
- Both spouses working plus smaller tax bite means more disposable income to spend on leisure activities.
- As more people enter the labor force, the workweek will drop to 32 hours, i.e., more leisure time.

58. Growth of the do-it-yourself movement

- The high cost of hiring outside workers motivates people to do the work themselves.
- There will be more leisure time available to spend on do-it-yourself projects.
- Availability of more tools and supplies aimed at the do-it-yourself market will spur the movement.

59. Improved nutrition and wellness movement with the consequent increase in life expectancy

- (This is an outgrowth of #49 and #50).
- The average child born in 1987 will live to be 78.5 years old (average male=76 years old; average female=81 years old).
- Since the turn of the century, every generation lives three years longer than the last.

60. Isolation of children from the world of adult concern

- Movement toward over-protecting children from the outside world and the consequences of their acts.
- More children are being placed in day-care centers and preschools. Many are near old-age homes where young and old can share a common bond.

61. Protracted adolescence

- Median age at first marriage, male: 1970-22.5, 1975-22.7, 1980-23.6, 1983-24.4.
- Median age at first marriage, female: 1970-20.6, 1975-20.8, 1980-21.8, 1983-22.5.

62. More single heads of households—the new poor

- As percent of all households, male and female: 1960-10.7%, 1970-10.6%, 1975-12.1%, 1980-12.9%, 1986-14.3%.

63. Growth of already large aged population

- Persons age 65 and older as percent of all ages: 1960-16.7%, 1970-20.1%, 1980-25.7%, 1985-28.5%.
- Persons age 85 and older as percent of all ages: 1960-0.9%. 1970-1.4%, 1980-2.3%, 1985-2.7%.

64. The replacement of the extended family by the nuclear family and other living arrangements

- More older people retain their mobility and independence.
- Older person's family can be near but not next door.

- Prefabricated (manufactured) housing will be cheaper than conventional construction, enabling older persons to afford housing where they want to live, in the suburbs, for instance.

Institutional Trends

65. Decrease of Federal government—growth of state and local governments

- Paid, full-time Federal civilian employment: 1975-2582k, 1980-2498k, 1985-2004k.
- Paid, full-time state & local employment: 1975-9397k, 1980-10314k, 1985-10568k.
- More block grants are being given to state and local governments.

66. Growth of big business (deregulation)

- (This is an outgrowth of #60).
- Big are getting bigger, small are getting smaller.

67. Growth of multinational corporations

- Parts for 39 percent of products built in the United States come from a different country of origin.
- We predict that the multinationals may be affected by the increasing number of AIDS cases in Africa and around the world since many firms rely on indigenous workers.

68. Growth of futures studies and forecasting

- Need to know the consequences of expensive or irreversible acts before the decision is taken.
- Need to anticipate problems which could develop.
- Future-oriented organizations have moved forward steadily since the early 1960s, when they first appeared. The momentum developed in the 1970s can be expected to grow, and such organizations will have increasing influence on decision-making in government, business, and industry in the years ahead.
- A conservative estimate of the number of futurist groups in the world in 1975-76 by the World Future Society was 300; a spokeswomen from the Society believes the number of organizations has increased tremendously in the ensuing years.
- There is a congressional clearinghouse for futures research.
- The World Future Society reports a record membership.

69. Growing demands for accountability in the expenditure of public resources

- Computers permit information (ie, audit trails) to be kept, facilitating accountability.
- Greater emphasis will be placed by the public and the legislatures on the outcomes of public education.

70. Growing demands for social responsibility

- Union Carbide's Bhopal disaster.
- Nuclear power plants.
- Auto seat belts (especially seat belt use laws).
- Testing for AIDS.
- Children's toys are being tested for safety.

71. Bimodal distribution of institutions as the big get bigger, the small survive and the middle is squeezed out

- Ten domestic carriers today control 80 percent of the market, leaving the smaller domestic carriers with only 20 percent. By 2001 there will be only three major domestic carriers.
- Currently there are 20 major automakers around the world with market shares ranging from 18.1 percent (GM) to 1.0 percent (BMW). By 2001, there will be only five giant automobile firms; production and assembly will be centered in Korea, Italy, and Latin America.
- By the year 2000 there will be three major corporations making up the information industry: IBM, Digital, and Apple.
- Oft-times today the manufacturer sells directly to the dealer, skipping the middle-man.
- Trend extends to:
  - Stores: big chain department stores and at the opposite end the discount stores succeed.
  - Hotels: large hotel chains and at the other end the economy hotels thriving with those in the middle being squeezed out.
  - Restaurants: elegant dining and at the opposite end cheap, fast food restaurants making it at the expense of sit-down family restaurants in the middle.
  - Hospitals: growth in hospital corporations and at the opposite end walk-in medical centers.
  - Agriculture: the farmer making over $500,000 is flourishing; the farmer who makes under $100,000 is surviving; the middle-income farmer is going bankrupt.
  - Banks: growth of interstate and international banks and at the other end the local banks pushing service are succeeding.

  - Financial Institutions: the recent merger of E.F. Hutton and Shearson-Lehman Brothers illustrates this trend while at the other end the local broker is making it.
- This trend leads us to believe that AT&T may be reconsolidated in the mid-1990s.
- What we see across the board with institutions is also happening within the organization as the traditional pyramid is flattened and middle management is squeezed out. (See #42)

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